
ANNUAL FINANCIAL REPORT LOUDON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



ANNUAL FINANCIAL REPORT
LOUDON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2010

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

BRYAN W. BURKLIN, CPA, CGFM
Audit Manager

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

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

LOUDON COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6
<u>INTRODUCTORY SECTION</u>		7
Loudon County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-12
BASIC FINANCIAL STATEMENTS:		13
Government-wide Financial Statements:		
Statement of Net Assets	A	14-15
Statement of Activities	B	16-17
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	C-3	21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	23-24
Proprietary Fund:		
Statement of Revenues, Expenses, and Changes in Net Assets	D-1	25
Statement of Cash Flows	D-2	26
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	27
Notes to the Financial Statements		28-73
REQUIRED SUPPLEMENTARY INFORMATION:		74
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	75-78
Highway/Public Works Fund	F-2	79
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Loudon County School Department	F-3	80

	Exhibit	Page(s)
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Loudon County School Department	F-4	81
Notes to the Required Supplementary Information		82
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		83
Nonmajor Governmental Funds:		84-85
Combining Balance Sheet	G-1	86-87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	88-89
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Law Library Fund	G-3	90
Public Library Fund	G-4	91
Solid Waste/Sanitation Fund	G-5	92
Industrial/Economic Development Fund	G-6	93
Drug Control Fund	G-7	94
Other Special Revenue Fund	G-8	95
General Debt Service Fund	G-9	96
Highway Capital Projects Fund	G-10	97
Major Governmental Funds:		98
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Education Debt Service Fund	H-1	99
General Capital Projects Fund	H-2	100
Fiduciary Funds:		101
Combining Statement of Fiduciary Assets and Liabilities	I-1	102
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	103-104
Component Unit:		
Discretely Presented Loudon County School Department:		105
Statement of Activities	J-1	106
Balance Sheet – Governmental Funds	J-2	107
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	108
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	109
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	110
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	J-7	112
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	113-114
School Federal Projects Fund	J-9	115

	Exhibit	Page(s)
Proprietary Fund:		
Statement of Net Assets	J-10	116
Statement of Revenues, Expenses, and Changes in Net Assets	J-11	117
Statement of Cash Flows	J-12	118
Miscellaneous Schedules:		119
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds – Primary Government and Discretely Presented Loudon County School Department	K-1	120-121
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Loudon County School Department	K-2	122-123
Schedule of Notes Receivable	K-3	124
Schedule of Transfers – Primary Government and Discretely Presented Loudon County School Department	K-4	125
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Loudon County School Department	K-5	126
Schedule of Detailed Revenues – All Governmental Fund Types	K-6	127-138
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Loudon County School Department	K-7	139-140
Schedule of Detailed Expenditures – All Governmental Fund Types	K-8	141-168
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Loudon County School Department	K-9	169-179
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-10	180
 <u>SINGLE AUDIT SECTION</u>		 181
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		182-183
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		184-186
Schedule of Expenditures of Federal Awards and State Grants		187-188
Schedule of Audit Findings Not Corrected		189
Schedule of Findings and Questioned Costs		190-193
Auditee Reporting Responsibilities		194

Audit Highlights

Annual Financial Report
Loudon County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Loudon County as of and for the year ended June 30, 2010.

Results

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

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

Finding and Best Practice

The following is a summary of the audit finding and best practice:

OFFICE OF DIRECTOR OF SCHOOLS AND THE PURCHASING DEPARTMENT

- ◆ American Recovery and Reinvestment Act grant funds were used to purchase an oven based on an expired bid.

BEST PRACTICE

Loudon County does not have an Audit Committee. The Division of County audit strongly believes that an Audit Committee is a best practice that should be adopted by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

INTRODUCTORY SECTION

Loudon County Officials
June 30, 2010

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

FINANCIAL SECTION



**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, 2011

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, 2010, which collectively comprise Loudon County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Loudon County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Loudon County Emergency Communications District, which represent 4.9 percent and 1.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Loudon County Emergency Communications District, is based on the report of other auditors.

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

evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loudon County, Tennessee, as of June 30, 2010, 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, 2011, 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.

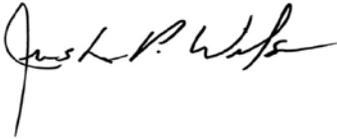
As described in Note V.C., Loudon County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 75 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 and General Capital Projects funds, 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 and General Capital Projects funds, 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 fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Loudon County, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Government Governmental Activities	Component Units	
		Loudon County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 2,222	\$ 14,427	\$ 367,228
Equity in Pooled Cash and Investments	19,785,053	4,030,058	0
Deferred Outflow - Interest Rate Swap	1,004,914	0	0
Accounts Receivable	308,751	37,529	47,740
Due from Other Governments	1,788,837	842,932	0
Property Taxes Receivable	13,761,194	10,091,854	0
Allowance for Uncollectible Property Taxes	(818,909)	(599,350)	0
Prepaid Items	643,863	335,861	1,075
Notes Receivable - Long-term	3,430,094	0	0
Unamortized Debt Issuance Cost	272,671	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	5,915,130	3,946,406	0
Construction in Progress	12,100	1,477,293	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	11,930,635	30,252,461	1,601,793
Other Capital Assets	1,237,496	715,006	589,397
Infrastructure - Roads, Streets, and Bridges	29,094,513	0	0
Total Assets	<u>\$ 88,368,564</u>	<u>\$ 51,144,477</u>	<u>\$ 2,607,233</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 523,691	\$ 151,913	\$ 7,916
Accrued Payroll	219,848	2,640	0
Accrued Interest Payable	42,580	0	0
Payroll Deductions Payable	876	340,877	0
Derivative - Interest Rate Swap	1,004,914	0	0
Due to State of Tennessee	14,191	0	0
Due to Litigants, Heirs, and Others	8,787	0	0
Other Current Liabilities	0	26,454	34,025
Deferred Revenue - Property Taxes	12,538,958	9,202,463	0
Noncurrent Liabilities:			
Due Within One Year	3,963,563	346,726	30,363
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	26,205,217	3,410,378	1,438,041
Total Liabilities	<u>\$ 44,522,625</u>	<u>\$ 13,481,451</u>	<u>\$ 1,510,345</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Loudon County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 38,294,734	\$ 32,961,072	\$ 722,786
Restricted for:			
Highways	1,455,392	0	0
Debt Service	2,331,087	0	0
Capital Projects	2,423,779	1,010,282	0
Sanitation/Solid Waste	671,446	0	0
Drug Control	112,913	0	0
Constitutional Officers' Data Processing Systems	85,821	0	0
Forensic Lab	96,365	0	0
Courtroom Security	192,394	0	0
State and Federal Assistance Programs	58,261	404,803	0
Other Purposes	125,504	0	9,819
Unrestricted	(2,001,757)	3,286,869	364,283
Total Net Assets	<u>\$ 43,845,939</u>	<u>\$ 37,663,026</u>	<u>\$ 1,096,888</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, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government	Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Loudon County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 2,994,605	\$ 806,366	\$ 45,396	\$ 0	\$ (2,142,843)	\$ 0	\$ 0
Finance	1,879,106	1,121,495	16,346	0	(741,265)	0	0
Administration of Justice	1,655,054	1,249,686	10,700	0	(394,668)	0	0
Public Safety	6,468,915	92,830	339,117	0	(6,036,968)	0	0
Public Health and Welfare	2,040,588	174,113	861,860	0	(1,004,615)	0	0
Social, Cultural, and Recreational Services	506,276	4,471	54,497	0	(447,308)	0	0
Agriculture and Natural Resources	156,797	0	0	0	(156,797)	0	0
Other Operations	726,947	0	0	0	(726,947)	0	0
Highways	3,510,252	51	1,547,148	213,260	(1,749,793)	0	0
Education	2,824,489	0	0	0	(2,824,489)	0	0
Interest on Long-term Debt	823,046	0	0	0	(823,046)	0	0
Other Debt Service	188,800	0	100,316	0	(88,484)	0	0
Total Primary Government	\$ 23,774,875	\$ 3,449,012	\$ 2,975,380	\$ 213,260	\$ (17,137,223)	\$ 0	\$ 0
Component Units:							
Loudon County School Department	\$ 40,308,215	\$ 1,545,358	\$ 4,916,739	\$ 2,926,444	\$ 0	\$ (30,919,674)	\$ 0
Emergency Communications District	718,187	399,969	0	280,154	0	0	(38,064)
Total Component Units	\$ 41,026,402	\$ 1,945,327	\$ 4,916,739	\$ 3,206,598	\$ 0	\$ (30,919,674)	\$ (38,064)

(Continued)

Exhibit B

London County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Loudon County School Department	Emergency Communications District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$ 7,181,922		\$ 7,181,922	\$ 9,190,855	\$ 0
Property Taxes Levied for Solid Waste/Sanitation			85,063	85,063	0	0
Property Taxes Levied for Highway/Public Works			541,258	541,258	0	0
Property Taxes Levied for General Debt Service			1,102,621	1,102,621	0	0
Property Taxes Levied for Education Debt Service			3,086,910	3,086,910	0	0
Property Taxes Levied for Capital Projects			250,935	250,935	0	0
Property Taxes Levied for Highway Capital Projects			293,255	293,255		
Sales Taxes			821,660	821,660	2,817,920	0
Hotel/Motel Tax			364,048	364,048	0	0
Business Tax			357,053	357,053	0	0
Litigation Tax			349,427	349,427	0	0
Adequate Facilities/Development Tax			0	0	432,366	0
Other Local Taxes			54,642	54,642	28,976	0
Grants and Contributions Not Restricted to Specific Programs			812,822	812,822	20,633,876	1,640
Unrestricted Investment Income			74,143	74,143	19,043	0
Miscellaneous			15,583	15,583	25,374	0
Revenue from Joint Ventures			60,221	60,221	0	0
Total General Revenues			\$ 15,451,563	\$ 15,451,563	\$ 33,148,410	\$ 1,640
Change in Net Assets			\$ (1,685,660)	\$ (1,685,660)	\$ 2,228,736	\$ (36,424)
Net Assets, July 1, 2009			45,531,599	45,531,599	35,434,290	1,133,312
Net Assets, June 30, 2010			\$ 43,845,939	\$ 43,845,939	\$ 37,663,026	\$ 1,096,888

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, 2010

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	General Capital Projects	Other Governmental Funds	Other Governmental Funds		
\$	932	940	0	0	0	350	2,222	
Equity in Pooled Cash and Investments	6,934,997	1,501,922	5,882,053	2,128,919	3,337,162	19,785,053		
Accounts Receivable	235,323	0	0	0	73,428	308,751		
Due from Other Governments	1,370,759	298,358	0	0	119,720	1,788,837		
Due from Other Funds	2,246	0	0	12	83,811	86,069		
Property Taxes Receivable	7,884,595	596,192	3,400,109	275,166	1,605,132	13,761,194		
Allowance for Uncollectible Property Taxes	(470,210)	(35,549)	(201,034)	(16,407)	(95,709)	(818,909)		
Prepaid Items	505,398	131,782	0	0	6,683	643,863		
Notes Receivable - Long-term	0	0	3,430,094	0	0	3,430,094		
Total Assets	\$ 16,464,040	\$ 2,493,645	\$ 12,511,222	\$ 2,387,690	\$ 5,130,577	\$ 38,987,174		

ASSETS

Cash	\$ 110,330	\$ 391,909	\$ 0	\$ 1,062	\$ 20,390	\$ 523,691
Accounts Payable	186,925	19,421	0	0	13,502	219,848
Accrued Payroll	860	16	0	0	0	876
Payroll Deductions Payable	12	83,811	0	0	2,246	86,069
Due to Other Funds	14,191	0	0	0	0	14,191
Due to State of Tennessee	0	0	0	0	8,787	8,787
Due to Litigants, Heirs, and Others	7,182,233	543,096	3,100,788	250,660	1,462,181	12,538,958
Deferred Revenue - Current Property Taxes	188,759	14,267	77,512	6,585	38,411	325,534
Deferred Revenue - Delinquent Property Taxes	519,500	135,979	0	0	66,747	722,226
Other Deferred Revenues	\$ 8,202,810	\$ 1,188,499	\$ 3,178,300	\$ 258,307	\$ 1,612,264	\$ 14,440,180
Total Liabilities						

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	General Capital Projects	Other Governmental Funds	Other Governmental Funds		
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 11,447	\$ 1,147	\$ 0	\$ 57,335	\$ 22,184	\$ 92,113		
Reserved for Sexual Offender Registration	6,131	0	0	0	0	6,131		
Reserved for Courtroom Security	192,394	0	0	0	0	192,394		
Reserved for Computer System - Register	40,046	0	0	0	0	40,046		
Reserved for Automation Purposes - General Sessions Court	3,806	0	0	0	0	3,806		
Reserved for Automation Purposes - Chancery Court	6,778	0	0	0	0	6,778		
Reserved for Automation Purposes - Sheriff	29,482	0	0	0	0	29,482		
Reserved for Automation Purposes - County Clerk	5,709	0	0	0	0	5,709		
Reserved for Prepaid Items	505,398	131,782	0	0	6,683	643,863		
Reserved for Long-term Notes Receivable	0	0	3,430,094	0	0	3,430,094		
Reserved for Other General Purposes	96,365	0	100,604	0	0	196,969		
Unreserved, Reported In:								
General Fund	7,363,674	0	0	0	0	7,363,674		
Special Revenue Funds	0	1,172,217	0	0	864,185	2,036,402		
Debt Service Funds	0	0	5,802,224	0	2,345,133	8,147,357		
Capital Projects Funds	0	0	0	2,072,048	280,128	2,352,176		
<u>Total Fund Balances</u>	<u>\$ 8,261,230</u>	<u>\$ 1,305,146</u>	<u>\$ 9,332,922</u>	<u>\$ 2,129,383</u>	<u>\$ 3,518,313</u>	<u>\$ 24,546,994</u>		
<u>Total Liabilities and Fund Balances</u>	<u>\$ 16,464,040</u>	<u>\$ 2,493,645</u>	<u>\$ 12,511,222</u>	<u>\$ 2,387,690</u>	<u>\$ 5,130,577</u>	<u>\$ 38,987,174</u>		

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, 2010

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)		\$ 24,546,994
(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	12,100	
Add: infrastructure net of accumulated depreciation	29,094,513	
Add: buildings and improvements net of accumulated depreciation	11,930,635	
Add: other capital assets net of accumulated depreciation	<u>1,237,496</u>	48,189,874
(2) Long-term liabilities, including other loans payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (3,329,305)	
Less: bonds payable	(4,680,000)	
Less: other loans payable	(20,712,237)	
Add: deferred amount on refunding	354,326	
Add: deferred charges - debt issuance costs	272,671	
Less: unamortized portion of debt premiums	(10,163)	
Less: accrued interest on notes, bonds, and other loans	(42,580)	
Less: other postemployment benefits liability	(1,337,620)	
Less: compensated absences payable	<u>(453,781)</u>	(29,938,689)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,047,760</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 43,845,939</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, 2010

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	General Capital Projects	Other			
					Governmental Funds	Funds		
<u>Revenues</u>								
Local Taxes	\$ 8,817,743	\$ 605,135	\$ 3,091,476	\$ 256,043	\$ 2,050,704	\$ 0	\$ 14,821,101	
Licenses and Permits	517,278	0	0	0	0	0	517,278	
Fines, Forfeitures, and Penalties	456,301	0	0	0	116,032	0	572,333	
Charges for Current Services	59,183	0	0	0	8,838	0	68,021	
Other Local Revenues	140,677	17,426	23,198	4,015	201,006	0	386,322	
Fees Received from County Officials	2,120,689	0	0	0	0	0	2,120,689	
State of Tennessee	1,634,949	1,754,758	0	0	44,954	0	3,434,661	
Federal Government	221,444	0	0	0	0	0	221,444	
Other Governments and Citizens Groups	121,504	0	0	6,627	169,111	0	297,242	
Total Revenues	\$ 14,089,768	\$ 2,377,319	\$ 3,114,674	\$ 266,685	\$ 2,590,645	\$ 0	\$ 22,439,091	
<u>Expenditures</u>								
Current:								
General Government	\$ 2,807,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,807,773	
Finance	1,772,816	0	0	0	0	0	1,772,816	
Administration of Justice	1,567,779	0	0	0	0	0	1,567,779	
Public Safety	5,700,474	0	0	0	41,183	0	5,741,657	
Public Health and Welfare	1,140,512	0	0	0	802,821	0	1,943,333	
Social, Cultural, and Recreational Services	195,371	0	0	0	261,724	0	457,095	
Agriculture and Natural Resources	156,797	0	0	0	0	0	156,797	
Other Operations	663,780	0	0	5,135	11,281	0	680,196	
Highways	0	2,413,454	0	0	0	0	2,413,454	
Debt Service:								
Principal on Debt	9,330	0	2,087,656	0	874,865	0	2,971,851	
Interest on Debt	0	0	519,962	0	230,165	0	750,127	
Other Debt Service	0	0	61,696	3,000	124,104	0	188,800	
Capital Projects	0	0	0	2,998,912	6,242	0	3,005,154	
Total Expenditures	\$ 14,014,632	\$ 2,413,454	\$ 2,669,314	\$ 3,007,047	\$ 2,352,385	\$ 0	\$ 24,456,832	
Excess (Deficiency) of Revenues Over Expenditures	\$ 75,136	\$ (36,135)	\$ 445,360	\$ (2,740,362)	\$ 238,260	\$ 0	\$ (2,017,741)	

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	General Capital Projects	Other			
					Governmental Funds	Governmental Funds		
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 2,812,627	\$ 0	\$ 0	\$ 0	\$ 2,812,627
Insurance Recovery	36,275	107	0	0	0	0	0	36,382
Transfers In	0	0	0	0	0	381,962	0	381,962
Transfers Out	(238,809)	(143,153)	0	0	0	0	0	(381,962)
<u>Total Other Financing Sources (Uses)</u>	<u>\$ (202,534)</u>	<u>\$ (143,046)</u>	<u>\$ 0</u>	<u>\$ 2,812,627</u>	<u>\$ 381,962</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,849,009</u>
Net Change in Fund Balances	\$ (127,398)	\$ (179,181)	\$ 445,360	\$ 72,265	\$ 620,222	\$ 0	\$ 0	\$ 831,268
Fund Balance, July 1, 2009	8,388,628	1,484,327	8,887,562	2,057,118	2,898,091	0	0	23,715,726
Fund Balance, June 30, 2010	<u>\$ 8,261,230</u>	<u>\$ 1,305,146</u>	<u>\$ 9,332,922</u>	<u>\$ 2,129,383</u>	<u>\$ 3,518,313</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,546,994</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, 2010

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)	\$	831,268	
(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	\$	268,286	
Less: current year depreciation expense		<u>(1,657,130)</u>	(1,388,844)
(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			(229,465)
(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, 2009	\$	(1,384,587)	
Add: deferred delinquent property taxes and other deferred June 30, 2010		<u>1,047,760</u>	(336,827)
(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	\$	(2,812,627)	
Add: principal payments on notes		1,755,737	
Add: principal payments on other loans		910,864	
Add: principal payments on capital leases		20,250	
Add: principal payments on bonds		<u>285,000</u>	159,224
(5) Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects debt issuance costs expensed and premiums reflected during the year recorded in the statement of activities.			
Add: amortization of debt issuance premiums	\$	1,047	
Less: amortization of debt issuance costs		(21,474)	
Less: deferred charge on refunding amortized during year		<u>(53,227)</u>	(73,654)

(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.)

(6) 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	\$	1,783
Change in compensated absences payable		45,776
Change in other postemployment benefits liability		<u>(680,059)</u>
	\$	(632,500)
(7) 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>(14,862)</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>(1,685,660)</u></u>

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

Exhibit D-1

Loudon County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

	Governmental Activities - Internal Service
	<u>Employee Dental Insurance Fund</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 51
Total Operating Revenues	<u>\$ 51</u>
<u>Operating Expenses</u>	
Medical and Dental Services	\$ 51
<u>Contributions</u>	
Medical and Dental Services	14,862
Total Operating Expenses and Contributions	<u>\$ 14,913</u>
Operating Income (Loss)	<u>\$ (14,862)</u>
Change in Net Assets	\$ (14,862)
Net Assets, July 1, 2009	<u>14,862</u>
Net Assets, June 30, 2010	<u><u>\$ 0</u></u>

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

Exhibit D-2

Loudon County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2010

	Governmental Activities - Internal Service
	<u>Employee Dental Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 51
Payments for Claims	(44,034)
Payment for Contribution	(14,862)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (58,845)</u>
Increase (Decrease) in Cash	\$ (58,845)
Cash, July 1, 2009	<u>58,845</u>
Cash, June 30, 2010	<u><u>\$ 0</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (14,862)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	<u>(43,983)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (58,845)</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 712,275
Equity in Pooled Cash and Investments	2,574,173
Due from Other Governments	844,765
Taxes Receivable	4,757,831
Allowance for Uncollectible Taxes	<u>(283,691)</u>
Total Assets	<u>\$ 8,605,353</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 5,477,161
Due to Litigants, Heirs, and Others	712,275
Due to Joint Ventures	<u>2,415,917</u>
Total Liabilities	<u>\$ 8,605,353</u>

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

LOUDON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

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 Loudon County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Loudon County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Loudon County issues all debt for the discretely presented Loudon County School Department. The county issued debt totaling \$2,812,627 and contributed this to the School Department during the year ended June 30, 2010.

Separate financial statements are provided for governmental funds, proprietary funds (internal service funds), and fiduciary funds. Internal service funds are 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 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 and the School Department both report proprietary funds, internal service funds; however, neither has enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service funds 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 funds and fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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.

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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

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

Additionally, Loudon County reports the following fund types:

Internal Service Fund – Prior to July 1, 2009, the Employee Dental Insurance Fund was used to account for the county’s and the School Department’s self-insured dental health programs. Effective July 1, 2009, primary government employees began coverage under a commercial insurance program. Consequently, during the year, the primary government closed its internal service fund, and the School Department began reporting its own internal service fund.

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.

Internal Service Fund – The Employee Dental and Vision Insurance Fund is used to account for the School Department's self-insured dental health and vision programs. This fund was previously shared by the schools and the primary government until the primary government changed to commercial insurance. Premiums charged to the various funds in the School Department and employee payroll deductions are placed in this fund for the payment of claims of school employees.

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. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges for services. Operating expenses for the internal service fund consist of dental and vision 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 3.16 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 2010-11 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 the director of schools only, per contract. Other School Department employees must use their vacation benefits within the year earned. The liability for School Department accumulated vacation benefits is considered immaterial at June 30, 2010. 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.C. 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, 2010, Loudon County had \$18,380,853 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 Constitutional Officers - Fees Fund (special revenue fund), which is 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

In previous years, various libraries maintained bank accounts outside of the county's control to deposit revenues and to pay certain expenses. These funds were deposited with Loudon County Trustee's Office at July 1, 2009, and now flow through the county's budgetary process and are included in the financial statements of this report.

C. Expenditures Exceeded Appropriations

General Fund expenditures exceeded appropriations approved by the County Commission in the Tourism and County Attorney major appropriation categories (the legal level of control) by \$2,253 and \$988, respectively. Expenditures in excess of appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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

Investment Balances. As of June 30, 2010, 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	\$ 10,215,992

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, 2010, 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 (\$3,430,094) 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 \$3,083,368.

C. Derivatives Instruments

At June 30, 2010, Loudon County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$12.5M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 12,500,000	12-1-09	6-1-25	Pay 3.13% receive 59% of LIBOR plus 35 basic points

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2010</u>		6-30-10
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Cash Flow Hedges:					
Pay fixed interest rate swaps:					
\$12.5M Swap	Deferred	\$ (225,098)	Debt	\$ (1,004,914)	\$ 11,815,000
	Outflow				
Totals		<u>\$ (225,098)</u>		<u>\$ (1,004,914)</u>	<u>\$ 11,815,000</u>

Derivative Swap Agreement Detail

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, 2010.

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 had a notional amount of \$12.5 million, and the associated variable-rate bond had 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, 2010, 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>-0.56</u>
Net interest rate swap payments		2.57 %
Variable-rate bond coupon payments		<u>0.25</u>
Synthetic interest rate on bonds		<u><u>2.82 %</u></u>

Fair Value. As of June 30, 2010, the swap had a negative fair value of \$1,004,914. 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, 2010, 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, Morgan Keegan Financial Products ("MKFP") was rated A+ by Standard and Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

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, 2010, 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	
	Principal	Interest	Swap Payment	Total
2011	\$ 505,000	\$ 29,538	\$ 303,794	\$ 838,332
2012	540,000	28,275	290,809	859,084
2013	570,000	26,925	276,924	873,849
2014	605,000	25,500	262,268	892,768
2015	640,000	23,988	246,712	910,700
2016-2020	3,830,000	93,888	965,636	4,889,524
2021-2025	5,125,000	39,913	410,501	5,575,414
Total	\$ 11,815,000	\$ 268,027	\$ 2,756,644	\$ 14,839,671

D. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

Primary Government

Governmental Activities:

	Balance		Balance	
	7-1-09	Increases	Decreases	6-30-10
Capital Assets Not Depreciated:				
Land	\$ 5,915,130	\$ 0	\$ 0	\$ 5,915,130
Construction in Progress	11,926	153,482	(153,308)	12,100
Total Capital Assets Not Depreciated	\$ 5,927,056	\$ 153,482	\$ (153,308)	\$ 5,927,230
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,100,971	\$ 89,486	\$ 0	\$ 14,190,457
Infrastructure	47,353,860	0	0	47,353,860
Other Capital Assets	5,549,149	178,626	(229,465)	5,498,310
Total Capital Assets Depreciated	\$ 67,003,980	\$ 268,112	\$ (229,465)	\$ 67,042,627
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,010,082	\$ 249,740	\$ 0	\$ 2,259,822
Infrastructure	17,298,422	960,925	0	18,259,347
Other Capital Assets	3,814,349	446,465	0	4,260,814
Total Accumulated Depreciation	\$ 23,122,853	\$ 1,657,130	\$ 0	\$ 24,779,983
Total Capital Assets Depreciated, Net	\$ 43,881,127	\$ (1,389,018)	\$ (229,465)	\$ 42,223,997
Governmental Activities Capital Assets, Net	\$ 49,808,183	\$ (1,235,536)	\$ (382,773)	\$ 48,189,874

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.H.

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

Governmental Activities:

General Government	\$	86,613
Finance		4,425
Administration of Justice		16,209
Public Safety		317,350
Public Health and Welfare		65,985
Social, Cultural, and Recreational Services		25,443
Other General Government		41,150
Highways/Public Works		<u>1,099,955</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,657,130</u>

Discretely Presented Loudon County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 3,946,406	\$ 0	\$ 0	\$ 3,946,406
Construction in Progress	2,104,243	1,682,253	(2,309,203)	1,477,293
Total Capital Assets Not Depreciated	<u>\$ 6,050,649</u>	<u>\$ 1,682,253</u>	<u>\$ (2,309,203)</u>	<u>\$ 5,423,699</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 36,496,968	\$ 3,241,387	\$ 1,968,760	\$ 41,707,115
Other Capital Assets	2,648,114	274,386	(1,968,760)	953,740
Total Capital Assets Depreciated	<u>\$ 39,145,082</u>	<u>\$ 3,515,773</u>	<u>\$ 0</u>	<u>\$ 42,660,855</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,399,728	\$ 1,014,954	\$ (39,972)	\$ 11,454,654
Other Capital Assets	219,342	59,364	39,972	238,734
Total Accumulated Depreciation	<u>\$ 10,619,070</u>	<u>\$ 1,074,318</u>	<u>\$ 0</u>	<u>\$ 11,693,388</u>
Total Capital Assets Depreciated, Net	<u>\$ 28,526,012</u>	<u>\$ 2,441,455</u>	<u>\$ 0</u>	<u>\$ 30,967,467</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,576,661</u>	<u>\$ 4,123,708</u>	<u>\$ (2,309,203)</u>	<u>\$ 36,391,166</u>

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

Governmental Activities:

Instruction	\$ 24,752
Support Services	1,046,729
Operation of Non-Instructional Services	<u>2,837</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,074,318</u></u>

E. Construction Commitments

At June 30, 2010, the discretely presented School Department's Education Capital Projects Fund had uncompleted architectural and construction contracts totaling \$419,004 for various projects and developing blueprints for school renovations and improvements. Funding has been provided for these future expenditures.

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 2,246
General Capital Projects	General .	12
Nonmajor governmental	Highway/Public Works	83,811
Discretely Presented School: Department:		
Nonmajor governmental	General Purpose School	63,057

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, 2010, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In Nonmajor Governmental Funds
General	\$ 238,809
Highway/Public Works	143,153

Discretely Presented Loudon County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental funds	\$ 100,000

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

G. Payables

A total of \$8,787 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.

H. 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.

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, 2010, 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 and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
General Obligation Bonds -			
Refunding	1.8 to 4 %	\$ 5,225,000	\$ 4,680,000
Capital Outlay Notes	0 to 4.43	6,642,608	3,329,305
Other Loans - City of Loudon	0	475,000	401,420
Other Loans - PBA Variable Rate	variable	19,835,000	17,095,000
Loan Agreement - State School			
Bond Authority	0	4,129,500	3,215,817

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, 2010:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Variable Interest Rates as of 6-30-10	Other Fees on Variable Rate Debt
<u>Montgomery County</u>					
<u>Public Building Authority:</u>					
Various Purposes	\$ 5,000,000	\$ 2,970,000	Variable	0.20 %	0.60
<u>Blount County</u>					
<u>Public Building Authority:</u>					
School Projects-Refunding	12,265,000	11,890,000	Variable	0.25 (1)	0.64
Various Purposes-Refunding	2,570,000	<u>2,235,000</u>	Variable	0.19	0.64
		<u>\$ 17,095,000</u>			

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

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 6-30-10	Interest Rates
<u>City of Loudon</u>			
Highlands Business Center	\$ 475,000	\$ 401,420	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 \$9,330 under the agreement.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2010, including estimated interest payments and other fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2016-2020	2,745,000	332,740	3,077,740
Total	\$ 4,680,000	\$ 1,067,215	\$ 5,747,215

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 1,914,050	\$ 67,321	\$ 1,981,371
2012	1,030,821	25,356	1,056,177
2013	384,434	3,257	387,691
Total	\$ 3,329,305	\$ 95,934	\$ 3,425,239

Year Ending June 30	Other Loans - PBA and QZAB			
	Principal	Interest	Other Fees	Total
2011	\$ 1,296,300	\$ 345,484	\$ 108,220	\$ 1,750,004
2012	1,342,300	330,098	101,818	1,774,216
2013	1,403,300	313,703	95,126	1,812,129
2014	1,449,300	296,402	88,048	1,833,750
2015	1,521,300	278,092	80,680	1,880,072
2016-2020	7,685,500	1,076,870	280,870	9,043,240
2021-2025	5,612,817	452,328	102,656	6,167,801
Total	\$ 20,310,817	\$ 3,092,977	\$ 857,418	\$ 24,261,212

Annual requirements for the \$401,420 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 \$8,147,357 available in unreserved fund balance and \$100,604 reserved for specific debt issues available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$120, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$265 for residents inside Lenoir City, and \$834 for residents outside Lenoir City, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Bonds	Notes	Other Loans - City of Loudon
Balance, July 1, 2009	\$ 4,965,000	\$ 2,272,415	\$ 410,750
Additions	0	2,812,627	0
Deductions	(285,000)	(1,755,737)	(9,330)
Balance, June 30, 2010	<u>\$ 4,680,000</u>	<u>\$ 3,329,305</u>	<u>\$ 401,420</u>
Balance Due Within One Year	<u>\$ 320,000</u>	<u>\$ 1,914,050</u>	<u>\$ 0</u>

	Other Loans - PBA and QZAB	Capital Leases	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 21,212,351	\$ 20,250	\$ 499,557	\$ 657,561
Additions	0	0	387,437	791,740
Deductions	(901,534)	(20,250)	(433,213)	(111,681)
Balance, June 30, 2010	<u>\$ 20,310,817</u>	<u>\$ 0</u>	<u>\$ 453,781</u>	<u>\$ 1,337,620</u>
Balance Due Within One Year	<u>\$ 1,296,300</u>	<u>\$ 0</u>	<u>\$ 433,213</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 30,512,943
Less: Balance Due Within One Year	(3,963,563)
Less: Deferred Amount on Refunding	(354,326)
Add: Unamortized Premium on Debt	<u>10,163</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 26,205,217</u>

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

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, 2010, for governmental activities are as follows:

Purpose	Interest Rate	Original Amount of Issue	Balance 6-30-10
Energy Efficiency Projects	0 %	\$ 4,629,481	\$ 3,430,094

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, 2010, are presented in the following table:

Year Ending June 30	Notes Principal
2011	\$ 346,726
2012	346,726
2013	346,725
2014	275,300
2015	275,300
2016-2020	1,376,500
2021	462,817
Total	\$ 3,430,094

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, 2010:

	Notes	Other Postemployment Benefits
Balance, July 1, 2009	\$ 3,713,054	\$ 227,496
Additions	0	497,540
Deductions	(282,960)	(398,026)
Balance, June 30, 2010	<u>\$ 3,430,094</u>	<u>\$ 327,010</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, 2010	\$ 3,757,104
Less: Balance Due Within One Year	<u>(346,726)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,410,378</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, 2010, is \$401,420.

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, 2010, were \$136,919 and \$23,089, 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 Education Debt Service 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, 2010, was as follows:

Fund	Balance 7-1-09	Issued	Paid	Balance 6-30-10
School Federal Projects	\$ 0	\$ 350,000	\$ (350,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

During the year, the Loudon County School Department established the Employee Dental and Vision Insurance Fund for risks associated with the employees' dental and vision plans. The Employee Dental and Vision Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements.

All full-time employees of 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 and Vision 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 first year of operation are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-2010	\$ 0	\$ 417,094	\$ (390,640)	\$ 26,454

The primary government provides dental and vision coverage through commercial insurance effective July 1, 2009. Previously, those benefits were provided through a self-insurance fund of the county. The county also

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. Risk Financing Activities

Loudon County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. Loudon County's share of this second assessment totaled \$42,613.

C. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a

useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Loudon County had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Loudon County may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by the county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks or to lower the cost of borrowing. Interest rate swaps and locks, options, swaptions, forward contracts, and future contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of the financial information evaluate the effectiveness and associated risks involved with Loudon County’s derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivatives instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Note IV.C., Derivative Instruments describes derivative transactions of Loudon County as of and for the year ended June 30, 2010.

D. Subsequent Event

The table below notes officials who left office August 31, 2010, and their successors:

<u>Office</u>	<u>Official</u>	<u>Successor</u>
County Mayor	Doyle Arp	Estelle Herron
County Clerk	Riley Wampler	Darlene Russell
Trustee	Estelle Herron	George Miller
Highway Superintendent	Sean Giles	Eddie Simpson

E. 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, 2010, future principal and interest requirements of these bonds were \$1,016,195 and \$757,411, 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, 2010, future principal and interest requirements of this loan were \$495,000 and \$257,850, 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.

F. 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. In a prior year, the Loudon County Commission passed a motion to cease all activity in the Metro Narcotic Unit. During the current year, residual funds for this joint venture were divided equally between the drug fund of the Loudon County Sheriff's Department, Lenoir City Police Department, and Loudon City Police Department. 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.E., 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 2009-10 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, TN 37774

G. 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/PS/.

Funding Policy

Loudon County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, 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, 2010, Loudon County's annual pension cost of \$1,056,706 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$1,056,706	100%	\$0
6-30-09	1,078,532	100	0
6-30-08	1,061,679	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.44 percent funded. The actuarial accrued liability for benefits was \$29.17 million, and the actuarial value of assets was \$24.04 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.12 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.29 million, and the ratio of the UAAL to the covered payroll was 45.39 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

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/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for Loudon County is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, 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, 2010, 2009, and 2008, were \$1,145,874, \$1,153,972, and \$1,086,070, respectively, equal to the required contributions for each year.

H. 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

	<u>Local Government Group Plan</u>
ARC	\$ 792,941
Interest on the NPO	26,302
Adjustment to the ARC	<u>(27,503)</u>
Annual OPEB cost	\$ 791,740
Amount of contribution	<u>(111,681)</u>
Increase/decrease in NPO	\$ 680,059
Net OPEB obligation, 7-1-09	<u>657,561</u>
Net OPEB obligation, 6-30-10	<u><u>\$ 1,337,620</u></u>

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Loudon County	\$ 746,758	11.9 %	\$ 657,561
6-30-10	"	791,740	14.1	1,337,620

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 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

Postemployment Healthcare Plan

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, 2010, the School Department contributed \$398,026 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 497,000
Interest on the NPO	10,237
Adjustment to the ARC	(9,697)
Annual OPEB cost	<hr/> \$ 497,540
Amount of contribution	(398,026)
Increase/decrease in NPO	<hr/> \$ 99,514
Net OPEB obligation, 7-1-09	<hr/> 227,496
	<hr/>
Net OPEB obligation, 6-30-10	<hr/> <hr/> \$ 327,010

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	\$ 406,000	77 %	\$ 92,237
6-30-09	"	411,000	66	227,496
6-30-10	"	497,540	80	327,010

Funded Status and Funding Progress

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

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 4,487,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,487,000
Actuarial value of assets as a % of the AAL	0
Covered payroll (active plan members)	\$ 22,092,973
UAAL as a % of covered payroll	20%

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 supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2009 actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. 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 Director of Accounts and Budgets.

J. 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.

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

A. **Summary of Significant Accounting Policies**

1. **Nature of Business**

The Loudon County Emergency Communications District, commonly referred to as E-911, was established to provide services under the Emergency Communications District Law, Tennessee Code Annotated, Chapter 86. The district was created by a resolution of the Loudon County Commission on September 12, 1989, and subsequently approved by public referendum. Under its enabling legislation, the district is a municipality with powers of perpetual success but without any power to levy or collect taxes. Charges for services authorized shall not be considered as taxes. The powers of the district are vested in and exercised by a majority of the members of the board of directors of the district who are appointed by the district's primary government.

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

2. **Basis of Accounting**

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

3. **Cash and Cash Equivalents**

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

4. **Receivables**

The accounts receivable balance of \$47,740 primarily represents amounts due from AT&T for the surcharge on Loudon County telephone services for the month of June 2010 and wireless commissions due from the State of Tennessee for May through June 2010.

5. **Capital Assets**

Capital assets, which include building, communications equipment, office furnishings and equipment, and vehicles, are defined as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are stated at historical cost, less accumulated depreciation computed on the straight-line method over their estimated useful lives as follows: buildings – 40 years; office equipment and furnishings – three to seven years; communications equipment – five to ten years. When assets are retired or otherwise disposed of, the average cost is removed from the asset account and the accumulated depreciation account. Removal cost, less any salvage value, is charged or credited to the accumulated depreciation account. The cost of maintenance and repairs is charged to earnings as incurred.

6. **Estimates**

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

7. **Compensated Absences**

The district had adopted the policy of Loudon County, Tennessee, which permits its employees to accumulate, in varying amounts, earned but unused vacation and sick pay benefits. Annual vacation time accrues based upon years of service for full-time employees (40 hours per week) and on a pro-rata basis for employees that are part-time. Vacation may be carried over up to a maximum of 30 days. Each January 1st, all unused vacation above the 30-day maximum is converted to sick leave. Sick leave accrues in a similar method to vacation time; however, paid sick leave is a benefit and privilege and not a right or compensation and thus will not be paid at termination of employment.

Accrued vacation pay totaling \$8,160 has been recorded for this reporting period.

8. Tax Status

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

B. Budgetary Control

The district's board approves the annual budget prepared by the E-911 director based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the state Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. The district does not budget depreciation since its intent is to budget the use of anticipated, available resources. It does, however, budget for acquisitions of certain capital assets. Budgeted expenses may be amended, as needed, to meet changing needs.

C. Deposits

Custodial credit risk for the district's deposits is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2010, the carrying amount of deposits was \$367,228, and the bank balances were \$389,223. As required by state statutes, the district's policy is to require financial institutions holding its deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. At June 30, 2010, none of the district's bank balances was exposed to credit risk.

D. Revenue

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

E. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To minimize its costs, the district insures itself against potential losses associated with these risks through the purchase of commercial insurance. There were no significant reductions in limits of liability or coverage of insurance policies in effect during 2010 from those in effect in 2009. In addition, there have been no losses in excess of insurance coverage during the past three fiscal years.

F. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

	Balance 7-1-09	Additions	Balance 6-30-10
Capital Assets, Being Depreciated:			
Buildings and Improvements	\$ 1,663,504	\$ 696	\$ 1,664,200
Vehicles	38,544	1,013	39,557
Furniture and Fixtures	90,440	0	90,440
Office Equipment	89,738	509	90,247
Communication Equipment	909,095	3,095	912,190
Total Capital Assets	\$ 2,791,321	\$ 5,313	\$ 2,796,634
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ (20,794)	\$ (41,613)	\$ (62,407)
Vehicles	(19,830)	(7,776)	(27,606)
Furniture and Fixtures	(23,506)	(12,503)	(36,009)
Office Equipment	(69,170)	(9,580)	(78,750)
Communication Equipment	(290,473)	(110,199)	(400,672)
	\$ (423,773)	\$ (181,671)	\$ (605,444)
Total Assets Being Depreciated, Net	\$ 2,367,548	\$ (176,358)	\$ 2,191,190

G. Bonds Payable

Emergency Communications District Revenue Bond, Series 2007, for \$1.5 million was issued May 26, 2009, to pay the majority of the cost to construct and equip a new facility to house the district's operations. The bonds are payable in 336 monthly principal and interest payments totaling \$7,545, at an interest rate of 4.125 percent. The bonds are payable solely from and secured by a pledge of the income and revenues to be derived from the operations of the district and by a statutory lien on the district's system. Interest expense totaled \$61,981 in 2010, and the balance outstanding on the bonds at June 30, 2010, was \$1,468,404.

	Balance 7-1-09	Retirements	Balance 6-30-10	Due in One Year
Long-term debt:				
Revenue bonds:				
Series 2007	\$ 1,497,626	\$ 29,222	\$ 1,468,404	\$ 30,363

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 30,363	\$ 60,177	\$ 90,540
2012	31,643	58,897	90,540
2013	32,977	57,563	90,540
2014	34,367	56,173	90,540
2015	35,816	54,724	90,540
2016-2020	203,046	249,654	452,700
2021-2025	249,615	203,085	452,700
2026-2030	306,864	145,836	452,700
2031-2035	377,242	75,458	452,700
2036-2037	166,471	7,067	173,538
Total	\$ 1,468,404	\$ 968,634	\$ 2,437,038

H. Management Agreement

Effective March 1, 1997, the district entered into a management agreement with the Loudon County Law Enforcement Agency. Pursuant to the terms of the agreement, the district assumed all management and supervisory authority and control of the county radio communications system including the dispatching center located at the Loudon County Justice Center. All personnel of the communications system are to remain employees of Loudon County, which shall be responsible for continued payment of the employees on a basis consistent with other county employees. The original term of this agreement was five years and was extended for an additional five years. Beginning March 1, 2008, the agreement was extended on a year-by-year basis.

During the year, the district replaced this management agreement with an arrangement for Loudon County to take over the employment of the personnel to manage and operate the communications system and to provide the necessary 911 emergency and non-emergency dispatch services for Loudon County from the district's location. In exchange for this coverage, Loudon County will provide funding up to \$540,000 with annual renewals subject to withdrawal or termination provisions for either party as detailed in the agreement. The funding for fiscal year 2010 began with the contract starting date of January 1, 2010, and totaled \$194,580.

I. Agreement for Office Space

The district entered into an agreement with Loudon County in which it received a contribution in October 2006 to be used for the construction of an E-911 center. In return, the district will make available to Loudon County offices an emergency operations space for the Emergency Management

Agency (EMA), a subsidiary of Loudon County, for up to 30 years, with an extension possible upon mutual agreement of both parties.

J. Operating Lease

Operating leases in place during the year are as follows:

- a. During fiscal year 2005, the district sold its Mobile 911 Center to Loudon County and then entered into an agreement with Loudon County to lease the facility for one dollar per year.
- b. On October 5, 2006, the district entered into a lease agreement with Loudon Utilities Board for a ground lease on the site of its operating center. The term of the lease is for 30 years from the date of the agreement and may be extended upon mutual consent of both parties. The lease payment to Loudon Utilities Board is for one dollar per year.

K. Employee Retirement Plan

Certain employees of the district are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS).

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 the district 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/PS.

The district became responsible for the employees previously contracted with Loudon County on January 1, 2010. With that event, the eligible employees in the TCRS program transferred funds into an account that has yet to complete an actuarial valuation to establish this reporting information. Currently, the district holds five percent of employee contributions and matches those contributions at a seven percent rate as a liability to be paid to the program upon completion of the actuarial valuation. The amount held at June 30, 2010, from employees totaled \$9,955 and matching employer contributions totaled \$15,246. Upon completion of the valuation, this information will be disclosed.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

London County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,817,743	\$ 0	\$ 0	\$ 8,817,743	\$ 8,786,700	\$ 8,797,400	\$ 20,343
Licenses and Permits	517,278	0	0	517,278	408,500	458,500	58,778
Fines, Forfeitures, and Penalties	456,301	0	0	456,301	436,400	436,400	19,901
Charges for Current Services	59,183	0	0	59,183	190,800	55,800	3,383
Other Local Revenues	140,677	0	0	140,677	77,000	148,091	(7,414)
Fees Received from County Officials	2,120,689	0	0	2,120,689	2,145,000	2,145,000	(24,311)
State of Tennessee	1,634,949	0	0	1,634,949	1,814,896	2,002,750	(367,801)
Federal Government	221,444	0	0	221,444	148,352	237,942	(16,498)
Other Governments and Citizens Groups	121,504	0	0	121,504	106,000	112,509	8,995
Total Revenues	\$ 14,089,768	\$ 0	\$ 0	\$ 14,089,768	\$ 14,113,648	\$ 14,394,392	\$ (304,624)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 143,068	\$ (7,500)	\$ 0	\$ 135,568	\$ 131,760	\$ 141,669	\$ 6,101
Board of Equalization	906	0	0	906	2,200	2,200	1,294
Beer Board	4,084	0	0	4,084	4,500	4,500	416
Other Boards and Committees	5,000	0	0	5,000	9,200	9,200	4,200
County Mayor/Executive	162,324	0	0	162,324	159,871	165,650	3,326
Personnel Office	63,519	0	0	63,519	64,645	66,484	2,965
County Attorney	88,618	0	0	88,618	81,000	87,630	(988)
Election Commission	222,034	(1,313)	0	220,721	239,537	250,118	29,397
Register of Deeds	309,181	0	0	309,181	305,275	324,979	15,798
Planning	358,260	0	0	358,260	378,810	374,992	16,732
Geographical Information Systems	56,336	0	0	56,336	58,882	59,664	3,328
County Buildings	1,158,662	(9,551)	1,639	1,150,750	1,186,969	1,199,315	48,565

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>General Government (Cont.)</u>							
Other General Administration	\$ 235,781	\$ 0	\$ 0	\$ 235,781	\$ 0	\$ 235,780	\$ (1)
<u>Finance</u>							
Accounting and Budgeting	443,495	0	0	443,495	476,863	481,000	37,505
Purchasing	174,715	0	556	175,271	176,551	179,530	4,259
Property Assessor's Office	366,294	(13,560)	0	352,734	388,875	393,754	41,020
County Trustee's Office	289,089	0	0	289,089	295,624	298,753	9,664
County Clerk's Office	431,686	0	0	431,686	448,860	450,767	19,081
Data Processing	67,537	0	0	67,537	74,445	74,815	7,278
<u>Administration of Justice</u>							
Circuit Court	268,739	(2,886)	0	265,853	276,578	282,228	16,375
General Sessions Court	446,869	(741)	0	446,128	485,137	503,852	57,724
General Sessions Judge	264,628	0	0	264,628	238,050	296,767	32,139
Chancery Court	200,759	0	0	200,759	198,947	202,427	1,668
Juvenile Court	372,992	0	243	373,235	389,923	392,974	19,739
Other Administration of Justice	13,792	0	0	13,792	20,500	20,500	6,708
<u>Public Safety</u>							
Sheriff's Department	3,368,859	0	140	3,368,999	3,449,034	3,498,303	129,304
Special Patrols	24,000	0	0	24,000	24,000	24,000	0
Traffic Control	830	0	0	830	1,800	1,800	970
Administration of the Sexual Offender Registry	0	0	0	0	1,800	1,800	1,800
Jail	1,300,026	0	0	1,300,026	1,334,700	1,413,995	113,969
Juvenile Services	19,727	0	0	19,727	20,803	20,803	1,076
Rural Fire Protection	56,000	0	0	56,000	56,000	56,000	0
Civil Defense	108,515	0	0	108,515	109,524	112,609	4,094

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 111,310	\$ 0	\$ 0	\$ 111,310	\$ 90,000	\$ 111,310	\$ 0
Other Emergency Management	128,751	0	0	128,751	129,631	128,751	0
County Coroner/Medical Examiner	35,000	0	0	35,000	49,000	49,000	14,000
Public Safety Grant Programs	5,000	0	0	5,000	5,000	5,000	0
Other Public Safety	542,456	0	0	542,456	721,855	542,457	1
<u>Public Health and Welfare</u>							
Local Health Center	125,576	(4,892)	0	120,684	123,353	129,611	8,927
Rabies and Animal Control	327,750	(4,470)	1,053	324,333	287,309	342,245	17,912
Other Local Health Services	342,367	0	0	342,367	475,400	590,900	248,533
Other Local Welfare Services	344,819	0	0	344,819	283,500	373,500	28,681
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	5,000	0	0	5,000	5,000	5,000	0
Senior Citizens Assistance	190,371	0	7,816	198,187	186,215	203,990	5,803
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	133,467	0	0	133,467	138,000	138,000	4,533
Soil Conservation	17,870	0	0	17,870	15,973	18,980	1,110
Flood Control	2,000	0	0	2,000	2,000	2,000	0
Storm Water Management	3,460	0	0	3,460	2,500	3,460	0
<u>Other Operations</u>							
Tourism	104,453	0	0	104,453	102,200	102,200	(2,253)
Industrial Development	161,156	0	0	161,156	161,159	161,159	3
Housing and Urban Development	1,500	0	0	1,500	3,000	3,000	1,500
Veterans' Services	9,096	0	0	9,096	10,336	10,336	1,240
Contributions to Other Agencies	71,195	0	0	71,195	71,195	71,195	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Employee Benefits	\$ 47,824	\$ 0	\$ 0	\$ 47,824	\$ 248,058	\$ 124,497	\$ 76,673
ARRA Grant No. 2	16,465	0	0	16,465	0	32,063	15,598
Miscellaneous	252,091	0	0	252,091	521,500	306,870	54,779
<u>Principal on Debt</u>							
General Government	9,330	0	0	9,330	10,500	10,500	1,170
Total Expenditures	\$ 14,014,632	\$ (44,913)	\$ 11,447	\$ 13,981,166	\$ 14,733,347	\$ 15,094,882	\$ 1,113,716
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 75,136	\$ 44,913	\$ (11,447)	\$ 108,602	\$ (619,699)	\$ (700,490)	\$ 809,092
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 36,275	\$ 0	\$ 0	\$ 36,275	\$ 0	\$ 35,366	\$ 909
Transfers Out	(238,809)	0	0	(238,809)	(238,809)	(238,809)	0
Total Other Financing Sources (Uses)	\$ (202,534)	\$ 0	\$ 0	\$ (202,534)	\$ (238,809)	\$ (203,443)	\$ 909
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2009	\$ (127,398)	\$ 44,913	\$ (11,447)	\$ (93,932)	\$ (858,508)	\$ (903,933)	\$ 810,001
	8,388,628	(44,913)	0	8,343,715	7,770,092	7,770,092	573,623
<u>Fund Balance, June 30, 2010</u>	\$ 8,261,230	\$ 0	\$ (11,447)	\$ 8,249,783	\$ 6,911,584	\$ 6,866,159	\$ 1,383,624

Exhibit F-2

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 605,135	\$ 0	\$ 605,135	\$ 644,907	\$ 652,707	\$ (47,572)
Other Local Revenues	17,426	0	17,426	9,000	13,460	3,966
State of Tennessee	1,754,758	0	1,754,758	2,397,908	2,397,908	(643,150)
Total Revenues	\$ 2,377,319	\$ 0	\$ 2,377,319	\$ 3,051,815	\$ 3,064,075	\$ (686,756)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 646,902	\$ 0	\$ 646,902	\$ 695,747	\$ 701,747	\$ 54,845
Highway and Bridge Maintenance	940,890	1,147	942,037	1,010,750	1,015,210	73,173
Operation and Maintenance of Equipment	189,783	0	189,783	310,700	297,700	107,917
Other Charges	143,510	0	143,510	177,990	184,990	41,480
Employee Benefits	328,365	0	328,365	359,271	351,802	23,437
Capital Outlay	164,004	0	164,004	1,213,343	1,213,343	1,049,339
Total Expenditures	\$ 2,413,454	\$ 1,147	\$ 2,414,601	\$ 3,767,801	\$ 3,764,792	\$ 1,350,191
Excess (Deficiency) of Revenues Over Expenditures	\$ (36,135)	\$ (1,147)	\$ (37,282)	\$ (715,986)	\$ (700,717)	\$ 663,435
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 107	\$ 0	\$ 107	\$ 0	\$ 0	\$ 107
Transfers Out	(143,153)	0	(143,153)	(170,315)	(170,315)	27,162
Total Other Financing Sources (Uses)	\$ (143,046)	\$ 0	\$ (143,046)	\$ (170,315)	\$ (170,315)	\$ 27,269
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (179,181)	\$ (1,147)	\$ (180,328)	\$ (886,301)	\$ (871,032)	\$ 690,704
Fund Balance, July 1, 2009	1,484,327	0	1,484,327	1,361,202	1,361,202	123,125
Fund Balance, June 30, 2010	\$ 1,305,146	\$ (1,147)	\$ 1,303,999	\$ 474,901	\$ 490,170	\$ 813,829

Exhibit F-3

Loudon County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Loudon County School Department
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-01-09	\$ 24,044	\$ 29,167	\$ 5,123	82.44 %	\$ 11,285	45.39 %
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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-4

Loudon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Loudon County School Department
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
							Percentage of Covered Payroll (b-a)/c
Local Government Group*	7-1-08	\$ 0	\$ 5,347	\$ 5,347	0	\$ 7,388	72.37 %
Local Education Group**	7-1-07	0	3,885	3,885	0	18,060	21.51
"	7-1-09	0	4,487	4,487	0	22,093	20.31

*Two additional actuarial studies will be reported as data becomes available.

**One additional actuarial study will be reported as data becomes available.

LOUDON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

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. EXPENDITURES EXCEEDED APPROPRIATIONS

General Fund expenditures exceeded appropriations approved by the County Commission in the Tourism and County Attorney major appropriation categories (the legal level of control) by \$2,253 and \$988, respectively. Expenditures in excess of appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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

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.

Public Library Fund – The Public Library Fund is used to account for library transactions for various libraries in Loudon County. The majority of the funding came from the county’s General Fund. Contributions and fees collected also supplied funding.

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.

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.

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

Loudon County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

Special Revenue Funds						
	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
Cash	\$ 0	\$ 250	\$ 0	\$ 0	\$ 0	0
Equity in Pooled Cash and Investments	21,814	62,758	569,778	38,347		122,415
Accounts Receivable	0	0	3,926	0		0
Due from Other Governments	0	0	119,720	0		0
Due from Other Funds	0	0	0	0		0
Property Taxes Receivable	0	0	91,722	0		0
Allowance for Uncollectible Property Taxes	0	0	(5,469)	0		0
Prepaid Items	0	2,675	4,008	0		0
Total Assets	\$ 21,814	\$ 65,683	\$ 783,685	\$ 38,347	\$	122,415

ASSETS

Cash	\$ 0
Equity in Pooled Cash and Investments	21,814
Accounts Receivable	0
Due from Other Governments	0
Due from Other Funds	0
Property Taxes Receivable	0
Allowance for Uncollectible Property Taxes	0
Prepaid Items	0
Total Assets	\$ 21,814

LIABILITIES AND FUND BALANCES

Liabilities					
Accounts Payable	\$ 244	\$ 850	\$ 18,581	\$ 0	\$ 715
Accrued Payroll	0	5,377	8,125	0	0
Due to Other Funds	0	0	1,979	0	0
Due to Litigants, Heirs, and Others	0	0	0	0	8,787
Deferred Revenue - Current Property Taxes	0	0	83,554	0	0
Deferred Revenue - Delinquent Property Taxes	0	0	2,194	0	0
Other Deferred Revenues	0	0	66,747	0	0
Total Liabilities	\$ 244	\$ 6,227	\$ 181,180	\$ 0	\$ 9,502
Fund Balances					
Reserved for Encumbrances	\$ 0	\$ 3,062	\$ 0	\$ 0	\$ 19,122
Reserved for Prepaid Items	0	2,675	4,008	0	0
Unreserved	21,570	53,719	598,497	38,347	93,791
Total Fund Balances	\$ 21,570	\$ 59,456	\$ 602,505	\$ 38,347	\$ 112,913
Total Liabilities and Fund Balances	\$ 21,814	\$ 65,683	\$ 783,685	\$ 38,347	\$ 122,415

(Continued)

Exhibit G-1

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

	Special Revenue Funds (Cont.)			Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Other Special Revenue	Constitutional Officers - Fees	Total			
\$	0	100	350	0	0	350
Cash	58,261	0	873,373	2,185,427	278,362	3,337,162
Equity in Pooled Cash and Investments	0	167	4,093	69,335	0	73,428
Accounts Receivable	0	0	119,720	0	0	119,720
Due from Other Governments	0	0	0	83,811	0	83,811
Due from Other Funds	0	0	91,722	1,192,383	321,027	1,605,132
Property Taxes Receivable	0	0	(5,469)	(71,098)	(19,142)	(95,709)
Allowance for Uncollectible Property Taxes	0	0	6,683	0	0	6,683
Prepaid Items	0	0	0	0	0	0
Total Assets	\$ 58,261	\$ 267	\$ 1,090,472	\$ 3,459,858	\$ 580,247	\$ 5,130,577

ASSETS

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

LIABILITIES AND FUND BALANCES

\$	0	0	20,390	0	0	20,390
Liabilities	0	0	13,502	0	0	13,502
Accounts Payable	0	267	2,246	0	0	2,246
Accrued Payroll	0	0	8,787	0	0	8,787
Due to Other Funds	0	0	83,554	1,086,191	292,436	1,462,181
Due to Litigants, Heirs, and Others	0	0	2,194	28,534	7,683	38,411
Deferred Revenue - Current Property Taxes	0	0	66,747	0	0	66,747
Deferred Revenue - Delinquent Property Taxes	0	0	197,420	1,114,725	300,119	1,612,264
Other Deferred Revenues	0	0	0	0	0	0
Total Liabilities	\$ 0	\$ 267	\$ 197,420	\$ 1,114,725	\$ 300,119	\$ 1,612,264
Fund Balances	0	0	22,184	0	0	22,184
Reserved for Encumbrances	0	0	6,683	0	0	6,683
Reserved for Prepaid Items	58,261	0	864,185	2,345,133	280,128	3,489,446
Unreserved	58,261	0	893,052	2,345,133	280,128	3,518,313
Total Fund Balances	\$ 58,261	\$ 267	\$ 1,090,472	\$ 3,459,858	\$ 580,247	\$ 5,130,577
Total Liabilities and Fund Balances	\$ 58,261	\$ 267	\$ 1,090,472	\$ 3,459,858	\$ 580,247	\$ 5,130,577

Liabilities
Accounts Payable
Accrued Payroll
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

Loudon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds				
	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
Revenues					
Local Taxes	\$ 6,024	\$ 0	\$ 628,964	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	116,032
Charges for Current Services	0	8,838	0	0	0
Other Local Revenues	0	833	92,623	11,117	56,047
State of Tennessee	0	1,500	43,454	0	0
Other Governments and Citizens Groups	0	68,795	0	0	0
Total Revenues	\$ 6,024	\$ 79,966	\$ 765,041	\$ 11,117	\$ 172,079
Expenditures					
Current:					
Public Safety	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Health and Welfare	0	0	607,899	0	194,922
Social, Cultural, and Recreational Services	2,499	259,225	0	0	0
Other Operations	60	94	7,440	3,687	0
Debt Service:					
Principal on Debt	0	0	20,250	0	0
Interest on Debt	0	0	0	0	0
Other Debt Service	0	0	0	0	0
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 2,559	\$ 259,319	\$ 635,589	\$ 3,687	\$ 194,922
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,465	\$ (179,353)	\$ 129,452	\$ 7,430	\$ (22,843)
Other Financing Sources (Uses)					
Transfers In	\$ 0	\$ 238,809	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 238,809	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances Fund Balance, July 1, 2009	\$ 3,465	\$ 59,456	\$ 129,452	\$ 7,430	\$ (22,843)
	18,105	0	473,053	30,917	135,756
Fund Balance, June 30, 2010	\$ 21,570	\$ 59,456	\$ 602,505	\$ 38,347	\$ 112,913

(Continued)

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

	Special Revenue Funds			Debt		Capital Projects		Total
	(Cont.)			Fund	Fund	Fund	Nonmajor	
	Other Special Revenue	Total	General Debt Service	Highway Capital Projects	Governmental	Funds		
<u>Revenues</u>								
Local Taxes	\$ 0	\$ 634,988	\$ 1,129,346	\$ 286,370	\$ 0	\$ 2,050,704		
Fines, Forfeitures, and Penalties	0	116,032	0	0	0	116,032		
Charges for Current Services	0	8,838	0	0	0	8,838		
Other Local Revenues	1,400	162,020	38,986	0	0	201,006		
State of Tennessee	0	44,954	0	0	0	44,954		
Other Governments and Citizens Groups	0	68,795	100,316	0	0	169,111		
Total Revenues	\$ 1,400	\$ 1,035,627	\$ 1,268,648	\$ 286,370	\$ 0	\$ 2,590,645		
<u>Expenditures</u>								
Current:								
Public Safety	\$ 41,183	\$ 41,183	\$ 0	\$ 0	\$ 0	\$ 41,183		
Public Health and Welfare	0	802,821	0	0	0	802,821		
Social, Cultural, and Recreational Services	0	261,724	0	0	0	261,724		
Other Operations	0	11,281	0	0	0	11,281		
Debt Service:								
Principal on Debt	0	20,250	854,615	0	0	874,865		
Interest on Debt	0	0	230,165	0	0	230,165		
Other Debt Service	0	0	124,104	0	0	124,104		
Capital Projects	0	0	0	6,242	0	6,242		
Total Expenditures	\$ 41,183	\$ 1,137,259	\$ 1,208,884	\$ 6,242	\$ 0	\$ 2,352,385		
Excess (Deficiency) of Revenues Over Expenditures	\$ (39,783)	\$ (101,632)	\$ 59,764	\$ 280,128	\$ 0	\$ 238,260		
<u>Other Financing Sources (Uses)</u>								
Transfers In	0	238,809	143,153	0	0	381,962		
Total Other Financing Sources (Uses)	0	238,809	143,153	0	0	381,962		
Net Change in Fund Balances Fund Balance, July 1, 2009	\$ (39,783)	\$ 137,177	\$ 202,917	\$ 280,128	\$ 0	\$ 620,222		
	98,044	755,875	2,142,216	0	0	2,898,091		
Fund Balance, June 30, 2010	\$ 58,261	\$ 893,052	\$ 2,345,133	\$ 280,128	\$ 0	\$ 3,518,313		

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,024	\$ 6,200	\$ 6,200	\$ (176)
Total Revenues	<u>\$ 6,024</u>	<u>\$ 6,200</u>	<u>\$ 6,200</u>	<u>\$ (176)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 2,499	\$ 6,000	\$ 6,000	\$ 3,501
<u>Other Operations</u>				
Miscellaneous	60	150	150	90
Total Expenditures	<u>\$ 2,559</u>	<u>\$ 6,150</u>	<u>\$ 6,150</u>	<u>\$ 3,591</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,465</u>	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 3,415</u>
Net Change in Fund Balance	\$ 3,465	\$ 50	\$ 50	\$ 3,415
Fund Balance, July 1, 2009	<u>18,105</u>	<u>18,104</u>	<u>18,104</u>	<u>1</u>
Fund Balance, June 30, 2010	<u>\$ 21,570</u>	<u>\$ 18,154</u>	<u>\$ 18,154</u>	<u>\$ 3,416</u>

Exhibit G-4

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Public Library Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 8,838	\$ 0	\$ 8,838	\$ 6,750	\$ 8,150	\$ 688
Other Local Revenues	833	0	833	0	800	33
State of Tennessee	1,500	0	1,500	0	1,500	0
Other Governments and Citizens Groups	68,795	0	68,795	29,123	32,357	36,438
Total Revenues	\$ 79,966	\$ 0	\$ 79,966	\$ 35,873	\$ 42,807	\$ 37,159
<u>Expenditures</u>						
<u>Social, Cultural, and Recreational Services</u>						
Libraries	\$ 259,225	\$ 3,062	\$ 262,287	\$ 270,372	\$ 286,328	\$ 24,041
<u>Other Operations</u>						
Miscellaneous	94	0	94	10,000	1,000	906
Total Expenditures	\$ 259,319	\$ 3,062	\$ 262,381	\$ 280,372	\$ 287,328	\$ 24,947
Excess (Deficiency) of Revenues Over Expenditures	\$ (179,353)	\$ (3,062)	\$ (182,415)	\$ (244,499)	\$ (244,521)	\$ 62,106
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 238,809	\$ 0	\$ 238,809	\$ 238,809	\$ 238,809	\$ 0
Total Other Financing Sources (Uses)	\$ 238,809	\$ 0	\$ 238,809	\$ 238,809	\$ 238,809	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 59,456	\$ (3,062)	\$ 56,394	\$ (5,690)	\$ (5,712)	\$ 62,106
	0	0	0	36,013	36,013	(36,013)
Fund Balance, June 30, 2010	\$ 59,456	\$ (3,062)	\$ 56,394	\$ 30,323	\$ 30,301	\$ 26,093

Exhibit G-5

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 628,964	\$ 583,155	\$ 587,413	\$ 41,551
Other Local Revenues	92,623	20,000	85,000	7,623
State of Tennessee	43,454	36,391	41,318	2,136
Total Revenues	<u>\$ 765,041</u>	<u>\$ 639,546</u>	<u>\$ 713,731</u>	<u>\$ 51,310</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Education/Information	\$ 31,187	\$ 31,391	\$ 31,188	\$ 1
Convenience Centers	576,712	581,828	621,402	44,690
<u>Other Operations</u>				
Miscellaneous	7,440	10,000	10,000	2,560
<u>Principal on Debt</u>				
General Government	20,250	27,000	27,000	6,750
Total Expenditures	<u>\$ 635,589</u>	<u>\$ 650,219</u>	<u>\$ 689,590</u>	<u>\$ 54,001</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 129,452</u>	<u>\$ (10,673)</u>	<u>\$ 24,141</u>	<u>\$ 105,311</u>
Net Change in Fund Balance	\$ 129,452	\$ (10,673)	\$ 24,141	\$ 105,311
Fund Balance, July 1, 2009	473,053	472,688	472,688	365
Fund Balance, June 30, 2010	<u>\$ 602,505</u>	<u>\$ 462,015</u>	<u>\$ 496,829</u>	<u>\$ 105,676</u>

Exhibit G-6

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 11,117	\$ 0	\$ 15,000	\$ (3,883)
Total Revenues	\$ 11,117	\$ 0	\$ 15,000	\$ (3,883)
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 3,471	\$ 0	\$ 8,000	\$ 4,529
Miscellaneous	216	0	150	(66)
Total Expenditures	\$ 3,687	\$ 0	\$ 8,150	\$ 4,463
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,430	\$ 0	\$ 6,850	\$ 580
Net Change in Fund Balance	\$ 7,430	\$ 0	\$ 6,850	\$ 580
Fund Balance, July 1, 2009	30,917	0	0	30,917
Fund Balance, June 30, 2010	\$ 38,347	\$ 0	\$ 6,850	\$ 31,497

Exhibit G-7

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, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 116,032	0	\$ 116,032	\$ 63,000	\$ 111,025	\$ 5,007
Other Local Revenues	56,047	0	56,047	15,000	44,800	11,247
Federal Government	0	0	0	0	37,200	(37,200)
Total Revenues	\$ 172,079	0	\$ 172,079	\$ 78,000	\$ 193,025	\$ (20,946)
<u>Expenditures</u>						
Public Health and Welfare						
Alcohol and Drug Programs	\$ 194,922	19,122	\$ 214,044	\$ 80,400	\$ 262,292	\$ 48,248
Total Expenditures	\$ 194,922	19,122	\$ 214,044	\$ 80,400	\$ 262,292	\$ 48,248
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,843)	(19,122)	(41,965)	(2,400)	(69,267)	27,302
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (22,843)	(19,122)	(41,965)	(2,400)	(69,267)	27,302
	135,756	0	135,756	135,606	135,606	150
Fund Balance, June 30, 2010	\$ 112,913	(19,122)	\$ 93,791	\$ 133,206	\$ 66,339	\$ 27,452

Exhibit G-8

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 0	\$ 30,000	\$ 2,000	\$ (2,000)
Other Local Revenues	1,400	0	0	1,400
Total Revenues	<u>\$ 1,400</u>	<u>\$ 30,000</u>	<u>\$ 2,000</u>	<u>\$ (600)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 41,183	\$ 30,000	\$ 65,500	\$ 24,317
Total Expenditures	<u>\$ 41,183</u>	<u>\$ 30,000</u>	<u>\$ 65,500</u>	<u>\$ 24,317</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (39,783)</u>	<u>\$ 0</u>	<u>\$ (63,500)</u>	<u>\$ 23,717</u>
Net Change in Fund Balance	\$ (39,783)	\$ 0	\$ (63,500)	\$ 23,717
Fund Balance, July 1, 2009	<u>98,044</u>	<u>97,568</u>	<u>97,568</u>	<u>476</u>
Fund Balance, June 30, 2010	<u>\$ 58,261</u>	<u>\$ 97,568</u>	<u>\$ 34,068</u>	<u>\$ 24,193</u>

Exhibit G-9

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,129,346	\$ 1,159,014	\$ 1,155,014	\$ (25,668)
Other Local Revenues	38,986	0	7,000	31,986
Other Governments and Citizens Groups	100,316	69,298	101,446	(1,130)
Total Revenues	<u>\$ 1,268,648</u>	<u>\$ 1,228,312</u>	<u>\$ 1,263,460</u>	<u>\$ 5,188</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 785,000	\$ 785,000	\$ 785,000	\$ 0
Highways and Streets	69,615	69,594	69,594	(21)
<u>Interest on Debt</u>				
General Government	226,079	461,367	461,367	235,288
Highways and Streets	4,086	4,085	4,085	(1)
<u>Other Debt Service</u>				
General Government	124,104	106,798	138,946	14,842
Total Expenditures	<u>\$ 1,208,884</u>	<u>\$ 1,426,844</u>	<u>\$ 1,458,992</u>	<u>\$ 250,108</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 59,764</u>	<u>\$ (198,532)</u>	<u>\$ (195,532)</u>	<u>\$ 255,296</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 143,153	\$ 170,312	\$ 170,312	\$ (27,159)
Total Other Financing Sources (Uses)	<u>\$ 143,153</u>	<u>\$ 170,312</u>	<u>\$ 170,312</u>	<u>\$ (27,159)</u>
Net Change in Fund Balance	\$ 202,917	\$ (28,220)	\$ (25,220)	\$ 228,137
Fund Balance, July 1, 2009	2,142,216	2,137,714	2,137,714	4,502
Fund Balance, June 30, 2010	<u>\$ 2,345,133</u>	<u>\$ 2,109,494</u>	<u>\$ 2,112,494</u>	<u>\$ 232,639</u>

Exhibit G-10

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 286,370	\$ 291,042	\$ 291,042	\$ (4,672)
Total Revenues	\$ 286,370	\$ 291,042	\$ 291,042	\$ (4,672)
<u>Expenditures</u>				
<u>Capital Projects</u>				
Highway and Street Capital Projects	\$ 6,242	\$ 291,042	\$ 291,042	\$ 284,800
Total Expenditures	\$ 6,242	\$ 291,042	\$ 291,042	\$ 284,800
Excess (Deficiency) of Revenues Over Expenditures	\$ 280,128	\$ 0	\$ 0	\$ 280,128
Net Change in Fund Balance	\$ 280,128	\$ 0	\$ 0	\$ 280,128
Fund Balance, July 1, 2009	0	0	0	0
Fund Balance, June 30, 2010	\$ 280,128	\$ 0	\$ 0	\$ 280,128

Major Governmental Funds

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.

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.

Exhibit H-1

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,091,476	\$ 3,112,947	\$ 3,132,010	\$ (40,534)
Other Local Revenues	23,198	0	20,000	3,198
Other Governments and Citizens Groups	0	346,426	0	0
Total Revenues	<u>\$ 3,114,674</u>	<u>\$ 3,459,373</u>	<u>\$ 3,152,010</u>	<u>\$ (37,336)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 2,087,656	\$ 2,103,792	\$ 2,088,494	\$ 838
<u>Interest on Debt</u>				
Education	519,962	818,713	822,591	302,629
<u>Other Debt Service</u>				
Education	61,696	45,000	80,000	18,304
Total Expenditures	<u>\$ 2,669,314</u>	<u>\$ 2,967,505</u>	<u>\$ 2,991,085</u>	<u>\$ 321,771</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 445,360</u>	<u>\$ 491,868</u>	<u>\$ 160,925</u>	<u>\$ 284,435</u>
Net Change in Fund Balance	\$ 445,360	\$ 491,868	\$ 160,925	\$ 284,435
Fund Balance, July 1, 2009	<u>8,887,562</u>	<u>4,455,159</u>	<u>4,455,159</u>	<u>4,432,403</u>
Fund Balance, June 30, 2010	<u>\$ 9,332,922</u>	<u>\$ 4,947,027</u>	<u>\$ 4,616,084</u>	<u>\$ 4,716,838</u>

Exhibit H-2

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 256,043	\$ 0	\$ 0	\$ 256,043	\$ 260,965	\$ 260,965	\$ (4,922)
Other Local Revenues	4,015	0	0	4,015	5,000	5,000	(985)
Other Governments and Citizens Groups	6,627	0	0	6,627	6,627	6,627	0
<u>Total Revenues</u>	<u>\$ 266,685</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 266,685</u>	<u>\$ 272,592</u>	<u>\$ 272,592</u>	<u>\$ (5,907)</u>
<u>Expenditures</u>							
<u>Other Operations</u>							
Miscellaneous	\$ 5,135	\$ 0	\$ 0	\$ 5,135	\$ 7,200	\$ 7,200	\$ 2,065
<u>Other Debt Service</u>							
Education	3,000	0	0	3,000	0	3,000	0
<u>Capital Projects</u>							
General Administration Projects	115,362	(94,610)	57,335	78,087	180,000	155,000	76,913
Public Safety Projects	73,923	(41,272)	0	32,651	160,000	60,000	27,349
Education Capital Projects	2,809,627	0	0	2,809,627	0	2,809,627	0
<u>Total Expenditures</u>	<u>\$ 3,007,047</u>	<u>\$ (135,882)</u>	<u>\$ 57,335</u>	<u>\$ 2,928,500</u>	<u>\$ 347,200</u>	<u>\$ 3,034,827</u>	<u>\$ 106,327</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ (2,740,362)</u>	<u>\$ 135,882</u>	<u>\$ (57,335)</u>	<u>\$ (2,661,815)</u>	<u>\$ (74,608)</u>	<u>\$ (2,762,235)</u>	<u>\$ 100,420</u>
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 2,812,627	\$ 0	\$ 0	\$ 2,812,627	\$ 0	\$ 2,812,627	\$ 0
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 2,812,627</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,812,627</u>	<u>\$ 0</u>	<u>\$ 2,812,627</u>	<u>\$ 0</u>
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2009</u>	<u>\$ 72,265</u>	<u>\$ 135,882</u>	<u>\$ (57,335)</u>	<u>\$ 150,812</u>	<u>\$ (74,608)</u>	<u>\$ 50,392</u>	<u>\$ 100,420</u>
<u>Fund Balance, June 30, 2010</u>	<u>\$ 2,057,118</u>	<u>\$ (135,882)</u>	<u>\$ 0</u>	<u>\$ 1,921,236</u>	<u>\$ 1,900,480</u>	<u>\$ 1,900,480</u>	<u>\$ 20,756</u>
<u>Fund Balance, June 30, 2010</u>	<u>\$ 2,129,383</u>	<u>\$ 0</u>	<u>\$ (57,335)</u>	<u>\$ 2,072,048</u>	<u>\$ 1,825,872</u>	<u>\$ 1,950,872</u>	<u>\$ 121,176</u>

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 was 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 were channeled through the Trustee’s Office, and the county accounted for these transactions in an agency capacity. This fund was closed during the year.

Exhibit I-1

Loudon County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	Agency Funds						Total
	Cities - Sales Tax	City School ADA - Lenoir City	Center Board	Constitu- tional Officers - Agency	Other Agency		
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 712,275	\$ 0	\$ 0	\$ 712,275
Equity in Pooled Cash and Investments	0	158,256	108	0	2,415,809	0	2,574,173
Due from Other Governments	599,113	245,652	0	0	0	0	844,765
Taxes Receivable	0	4,757,831	0	0	0	0	4,757,831
Allowance for Uncollectible Taxes	0	(283,691)	0	0	0	0	(283,691)
Total Assets	\$ 599,113	\$ 4,878,048	\$ 108	\$ 712,275	\$ 2,415,809	\$ 0	\$ 8,605,353
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 599,113	\$ 4,878,048	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,477,161
Due to Litigants, Heirs, and Others	0	0	0	712,275	0	0	712,275
Due to Joint Ventures	0	0	108	0	2,415,809	0	2,415,917
Total Liabilities	\$ 599,113	\$ 4,878,048	\$ 108	\$ 712,275	\$ 2,415,809	\$ 0	\$ 8,605,353

Exhibit I-2

Loudon County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,340,826	\$ 3,340,826	\$ 0
Due from Other Governments	581,571	599,113	581,571	599,113
Total Assets	\$ 581,571	\$ 3,939,939	\$ 3,922,397	\$ 599,113
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 581,571	\$ 3,939,939	\$ 3,922,397	\$ 599,113
Total Liabilities	\$ 581,571	\$ 3,939,939	\$ 3,922,397	\$ 599,113
<u>City School ADA - Lenoir City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 175,409	\$ 5,792,188	\$ 5,809,341	\$ 158,256
Due from Other Governments	231,388	245,652	231,388	245,652
Taxes Receivable	4,690,667	4,757,831	4,690,667	4,757,831
Allowance for Uncollectible Taxes	(101,333)	(283,691)	(101,333)	(283,691)
Total Assets	\$ 4,996,131	\$ 10,511,980	\$ 10,630,063	\$ 4,878,048
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,996,131	\$ 10,511,980	\$ 10,630,063	\$ 4,878,048
Total Liabilities	\$ 4,996,131	\$ 10,511,980	\$ 10,630,063	\$ 4,878,048
<u>Center Board</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 139,691	\$ 139,583	\$ 108
Total Assets	\$ 0	\$ 139,691	\$ 139,583	\$ 108
<u>Liabilities</u>				
Due to Joint Ventures	\$ 0	\$ 139,691	\$ 139,583	\$ 108
Total Liabilities	\$ 0	\$ 139,691	\$ 139,583	\$ 108
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 952,601	\$ 7,771,504	\$ 8,011,830	\$ 712,275
Accounts Receivable	5,005	0	5,005	0
Total Assets	\$ 957,606	\$ 7,771,504	\$ 8,016,835	\$ 712,275

(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	\$ 957,606	\$ 7,771,504	\$ 8,016,835	\$ 712,275
Total Liabilities	\$ 957,606	\$ 7,771,504	\$ 8,016,835	\$ 712,275
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,768,896	\$ 304,000	\$ 657,087	\$ 2,415,809
Total Assets	\$ 2,768,896	\$ 304,000	\$ 657,087	\$ 2,415,809
<u>Liabilities</u>				
Due to Joint Ventures	\$ 2,768,896	\$ 304,000	\$ 657,087	\$ 2,415,809
Total Liabilities	\$ 2,768,896	\$ 304,000	\$ 657,087	\$ 2,415,809
<u>Loudon County Metro Narcotic Unit</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 88,661	\$ 887	\$ 89,548	\$ 0
Total Assets	\$ 88,661	\$ 887	\$ 89,548	\$ 0
<u>Liabilities</u>				
Due to Joint Ventures	\$ 88,661	\$ 887	\$ 89,548	\$ 0
Total Liabilities	\$ 88,661	\$ 887	\$ 89,548	\$ 0
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 952,601	\$ 7,771,504	\$ 8,011,830	\$ 712,275
Equity in Pooled Cash and Investments	3,032,966	9,577,592	10,036,385	2,574,173
Accounts Receivable	5,005	0	5,005	0
Due from Other Governments	812,959	844,765	812,959	844,765
Taxes Receivable	4,690,667	4,757,831	4,690,667	4,757,831
Allowance for Uncollectible Taxes	(101,333)	(283,691)	(101,333)	(283,691)
Total Assets	\$ 9,392,865	\$ 22,668,001	\$ 23,455,513	\$ 8,605,353
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,577,702	\$ 14,451,919	\$ 14,552,460	\$ 5,477,161
Due to Litigants, Heirs, and Others	957,606	7,771,504	8,016,835	712,275
Due to Joint Venture	2,857,557	444,578	886,218	2,415,917
Total Liabilities	\$ 9,392,865	\$ 22,668,001	\$ 23,455,513	\$ 8,605,353

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, Special Revenue Fund, Capital Projects Fund, and Internal Service 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.

Employee Dental and Vision Insurance Fund – The Employee Dental and Vision Insurance Fund is used to account for transactions pertaining to the School Department's self-insured group dental and vision plans.

Exhibit J-1

Loudon County, Tennessee
Statement of Activities
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2010

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	\$ 25,396,631	\$ 438,464	\$ 2,402,431	\$ 2,809,627	\$	(19,746,109)	
Support Services	10,790,377	0	254,126	0		(10,536,251)	
Operation of Non-Instructional Services	4,121,207	1,106,894	2,260,182	116,817		(637,314)	
Total Governmental Activities	\$ 40,308,215	\$ 1,545,358	\$ 4,916,739	\$ 2,926,444	\$	(30,919,674)	
General Revenues:							
Taxes:					\$		
Property Taxes Levied for General Purposes						9,190,855	
Local Option Sales Taxes						2,817,920	
Adequate Facilities/Development Tax						432,366	
Other Local Taxes						28,976	
Grants and Contributions Not Restricted for Specific Programs						20,633,876	
Unrestricted Investment Income						19,043	
Miscellaneous						25,374	
Total General Revenues					\$	33,148,410	
Change in Net Assets					\$	2,228,736	
Net Assets, July 1, 2009						35,434,290	
Net Assets, June 30, 2010					\$	37,663,026	

Exhibit J-2

Loudon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Loudon County School Department
June 30, 2010

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 1,810	\$ 0	\$ 1,810
Equity in Pooled Cash and Investments	2,945,570	1,084,488	4,030,058
Accounts Receivable	2,322	0	2,322
Due from Other Governments	731,305	111,627	842,932
Due from Other Funds	0	63,057	63,057
Property Taxes Receivable	10,091,854	0	10,091,854
Allowance for Uncollectible Property Taxes	(599,350)	0	(599,350)
Prepaid Items	335,861	0	335,861
Total Assets	<u>\$ 13,509,372</u>	<u>\$ 1,259,172</u>	<u>\$ 14,768,544</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 140,154	\$ 11,759	\$ 151,913
Accrued Payroll	2,640	0	2,640
Payroll Deductions Payable	306,615	34,262	340,877
Due to Other Funds	63,057	0	63,057
Deferred Revenue - Current Property Taxes	9,202,463	0	9,202,463
Deferred Revenue - Delinquent Property Taxes	233,798	0	233,798
Other Deferred Revenues	272,688	0	272,688
Total Liabilities	<u>\$ 10,221,415</u>	<u>\$ 46,021</u>	<u>\$ 10,267,436</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 17,837	\$ 425,464	\$ 443,301
Reserved for Prepaid Items	335,861	0	335,861
Reserved for Capital Outlay	0	120,668	120,668
Reserved for Career Ladder Program	2,619	0	2,619
Reserved for Basic Education Program	199,315	0	199,315
Reserved for Title I Grants to Local Education Agencies	0	55,104	55,104
Reserved for Special Education - Grants to States	0	126,718	126,718
Other Federal Reserves	0	14,587	14,587
Unreserved, Reported In:			
General Fund	2,732,325	0	2,732,325
Capital Projects Funds	0	470,610	470,610
Total Fund Balances	<u>\$ 3,287,957</u>	<u>\$ 1,213,151</u>	<u>\$ 4,501,108</u>
Total Liabilities and Fund Balances	<u>\$ 13,509,372</u>	<u>\$ 1,259,172</u>	<u>\$ 14,768,544</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, 2010

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)		\$ 4,501,108
(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	1,477,293	
Add: buildings and improvements net of accumulated depreciation	30,252,461	
Add: other capital assets net of accumulated depreciation	<u>715,006</u>	36,391,166
(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.		21,370
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		506,486
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (3,430,094)	
Less: other postemployment benefits liability	<u>(327,010)</u>	<u>(3,757,104)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 37,663,026</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, 2010

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 12,164,403	\$ 432,366	\$ 12,596,769
Licenses and Permits	1,206	0	1,206
Charges for Current Services	1,106,894	0	1,106,894
Other Local Revenues	69,201	0	69,201
State of Tennessee	21,195,659	0	21,195,659
Federal Government	1,866,129	2,616,239	4,482,368
Other Governments and Citizens Groups	8,783	2,809,627	2,818,410
Total Revenues	<u>\$ 36,412,275</u>	<u>\$ 5,858,232</u>	<u>\$ 42,270,507</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 22,685,514	\$ 2,184,219	\$ 24,869,733
Support Services	9,618,590	302,244	9,920,834
Operation of Non-Instructional Services	4,118,370	0	4,118,370
Debt Service:			
Principal on Debt	282,960	0	282,960
Capital Projects	0	2,711,637	2,711,637
Total Expenditures	<u>\$ 36,705,434</u>	<u>\$ 5,198,100</u>	<u>\$ 41,903,534</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (293,159)</u>	<u>\$ 660,132</u>	<u>\$ 366,973</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 14,462	\$ 0	\$ 14,462
Transfers In	100,000	0	100,000
Transfers Out	0	(100,000)	(100,000)
Total Other Financing Sources (Uses)	<u>\$ 114,462</u>	<u>\$ (100,000)</u>	<u>\$ 14,462</u>
Net Change in Fund Balances	<u>\$ (178,697)</u>	<u>\$ 560,132</u>	<u>\$ 381,435</u>
Fund Balance, July 1, 2009	3,466,654	653,019	4,119,673
Fund Balance, June 30, 2010	<u>\$ 3,287,957</u>	<u>\$ 1,213,151</u>	<u>\$ 4,501,108</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, 2010

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)	\$	381,435
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$	2,888,823
Less: current-year depreciation expense	<u>(1,074,318)</u>	1,814,505
(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, 2009	\$	(678,506)
Add: deferred delinquent property taxes and other deferred June 30, 2010	<u>506,486</u>	(172,020)
(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		(99,514)
(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		282,960
(5) The internal service fund is used by management to charge the cost of employee dental benefits to individual funds. The net expense of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>21,370</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$</u>	<u>2,228,736</u>

Exhibit J-6

Loudon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Loudon County School Department
June 30, 2010

	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	\$ 74,206	\$ 1,010,282	\$ 1,084,488
Due from Other Governments	111,627	0	111,627
Due from Other Funds	63,057	0	63,057
Total Assets	<u>\$ 248,890</u>	<u>\$ 1,010,282</u>	<u>\$ 1,259,172</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 11,759	\$ 0	\$ 11,759
Payroll Deductions Payable	34,262	0	34,262
Total Liabilities	<u>\$ 46,021</u>	<u>\$ 0</u>	<u>\$ 46,021</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 6,460	\$ 419,004	\$ 425,464
Reserved for Capital Outlay	0	120,668	120,668
Reserved for Title I Grants to Local Education Agencies	55,104	0	55,104
Reserved for Special Education - Grants to States	126,718	0	126,718
Other Federal Reserves	14,587	0	14,587
Unreserved	0	470,610	470,610
Total Fund Balances	<u>\$ 202,869</u>	<u>\$ 1,010,282</u>	<u>\$ 1,213,151</u>
Total Liabilities and Fund Balances	<u>\$ 248,890</u>	<u>\$ 1,010,282</u>	<u>\$ 1,259,172</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, 2010

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 432,366	\$ 432,366
Federal Government	2,616,239	0	2,616,239
Other Governments and Citizens Groups	0	2,809,627	2,809,627
Total Revenues	<u>\$ 2,616,239</u>	<u>\$ 3,241,993</u>	<u>\$ 5,858,232</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,184,219	\$ 0	\$ 2,184,219
Support Services	302,244	0	302,244
Capital Projects	0	2,711,637	2,711,637
Total Expenditures	<u>\$ 2,486,463</u>	<u>\$ 2,711,637</u>	<u>\$ 5,198,100</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 129,776</u>	<u>\$ 530,356</u>	<u>\$ 660,132</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (100,000)	\$ 0	\$ (100,000)
Total Other Financing Sources (Uses)	<u>\$ (100,000)</u>	<u>\$ 0</u>	<u>\$ (100,000)</u>
Net Change in Fund Balances	\$ 29,776	\$ 530,356	\$ 560,132
Fund Balance, July 1, 2009	173,093	479,926	653,019
Fund Balance, June 30, 2010	<u>\$ 202,869</u>	<u>\$ 1,010,282</u>	<u>\$ 1,213,151</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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,164,403	\$ 0	\$ 0	\$ 12,164,403	\$ 12,441,036	\$ 12,441,036	\$ (276,633)
Licenses and Permits	1,206	0	0	1,206	1,500	1,500	(294)
Charges for Current Services	1,106,894	0	0	1,106,894	1,486,891	1,486,891	(379,997)
Other Local Revenues	69,201	0	0	69,201	198,781	225,047	(155,846)
State of Tennessee	21,195,659	0	0	21,195,659	21,312,081	21,533,822	(338,163)
Federal Government	1,866,129	0	0	1,866,129	1,596,832	2,038,620	(172,491)
Other Governments and Citizens Groups	8,783	0	0	8,783	23,000	33,721	(24,938)
Total Revenues	\$ 36,412,275	\$ 0	\$ 0	\$ 36,412,275	\$ 37,060,121	\$ 37,760,637	\$ (1,348,362)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,258,413	\$ 0	\$ 7,316	\$ 19,265,729	\$ 19,483,246	\$ 19,514,049	\$ 248,320
Special Education Program	2,255,964	(2,692)	1,122	2,254,394	2,286,812	2,322,687	68,293
Vocational Education Program	1,171,137	0	0	1,171,137	1,199,611	1,200,771	29,634
<u>Support Services</u>							
Health Services	211,767	0	0	211,767	215,950	217,306	5,539
Other Student Support	1,123,557	0	0	1,123,557	1,177,051	1,156,051	32,494
Regular Instruction Program	1,206,767	0	2,129	1,208,896	1,298,036	1,234,325	25,429
Special Education Program	405,252	0	0	405,252	413,113	412,889	7,637
Vocational Education Program	159,218	0	0	159,218	160,881	160,881	1,663
Other Programs	160,008	0	0	160,008	267,523	160,008	0
Board of Education	519,880	0	0	519,880	521,865	609,077	89,197
Director of Schools	312,602	0	0	312,602	290,129	330,820	18,218
Office of the Principal	788,991	0	0	788,991	762,862	796,780	7,789

(Continued)

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 (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 57,241	\$ 0	\$ 0	\$ 57,241	\$ 56,769	\$ 57,294	\$ 53
Operation of Plant	2,265,435	(4,500)	1,125	2,262,060	2,499,090	2,415,139	153,079
Maintenance of Plant	211,113	0	2,425	213,538	209,000	216,400	2,862
Transportation	1,520,937	(9,041)	1,710	1,513,606	1,548,699	1,612,928	99,322
Central and Other	675,822	0	985	676,807	671,185	680,976	4,169
<u>Operation of Non-Instructional Services</u>							
Food Service	2,691,958	0	0	2,691,958	2,478,304	2,787,691	95,733
Community Services	558,444	(824)	1,025	558,645	414,336	734,518	175,873
Early Childhood Education	867,968	0	0	867,968	877,771	877,771	9,803
<u>Principal on Debt</u>							
Education	282,960	0	0	282,960	283,613	283,613	653
Total Expenditures	\$ 36,705,434	\$ (17,057)	\$ 17,837	\$ 36,706,214	\$ 37,115,846	\$ 37,781,974	\$ 1,075,760
Excess (Deficiency) of Revenues Over Expenditures	\$ (293,159)	\$ 17,057	\$ (17,837)	\$ (293,939)	\$ (55,725)	\$ (21,337)	\$ (272,602)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 14,462	\$ 0	\$ 0	\$ 14,462	\$ 0	\$ 2,916	\$ 11,546
Transfers In	100,000	0	0	100,000	100,000	100,000	0
Total Other Financing Sources (Uses)	\$ 114,462	\$ 0	\$ 0	\$ 114,462	\$ 100,000	\$ 102,916	\$ 11,546
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (178,697)	\$ 17,057	\$ (17,837)	\$ (179,477)	\$ 44,275	\$ 81,579	\$ (261,056)
Fund Balance, July 1, 2009	3,466,654	(17,057)	0	3,449,597	3,026,837	3,026,837	422,760
Fund Balance, June 30, 2010	\$ 3,287,957	\$ 0	\$ (17,837)	\$ 3,270,120	\$ 3,071,112	\$ 3,108,416	\$ 161,704

Exhibit J-9

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, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,616,239	\$ 0	\$ 2,616,239	\$ 3,657,175	\$ 3,757,096	\$ (1,140,857)
Total Revenues	\$ 2,616,239	\$ 0	\$ 2,616,239	\$ 3,657,175	\$ 3,757,096	\$ (1,140,857)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 772,657	\$ 0	\$ 772,657	\$ 819,466	\$ 867,374	\$ 94,717
Special Education Program	1,268,956	6,460	1,275,416	1,751,875	1,831,880	556,464
Vocational Education Program	142,606	0	142,606	140,642	142,606	0
<u>Support Services</u>						
Other Student Support	32,123	0	32,123	311,886	312,016	279,893
Regular Instruction Program	121,196	0	121,196	245,179	217,044	95,848
Special Education Program	111,693	0	111,693	229,427	229,427	117,734
Vocational Education Program	3,499	0	3,499	3,500	3,500	1
Transportation	33,733	0	33,733	55,200	62,420	28,687
Total Expenditures	\$ 2,486,463	\$ 6,460	\$ 2,492,923	\$ 3,557,175	\$ 3,666,267	\$ 1,173,344
Excess (Deficiency) of Revenues Over Expenditures	\$ 129,776	\$ (6,460)	\$ 123,316	\$ 100,000	\$ 90,829	\$ 32,487
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 92,711	\$ 0	\$ 0
Transfers Out	(100,000)	0	(100,000)	(192,711)	(100,000)	0
Total Other Financing Sources (Uses)	\$ (100,000)	\$ 0	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 29,776	\$ (6,460)	\$ 23,316	\$ 0	\$ (9,171)	\$ 32,487
Fund Balance, July 1, 2009	173,093	0	173,093	161,063	161,063	12,030
Fund Balance, June 30, 2010	\$ 202,869	\$ (6,460)	\$ 196,409	\$ 161,063	\$ 151,892	\$ 44,517

Exhibit J-10

Loudon County, Tennessee
Statement of Net Assets
Discretely Presented Loudon County School Department
Proprietary Fund
June 30, 2010

	Internal Service <hr/> Employee Dental and Vision Insurance Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 12,617
Accounts Receivable	<u>35,207</u>
Total Assets	<u>\$ 47,824</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Other Current Liabilities	<u>\$ 26,454</u>
Total Liabilities	<u>\$ 26,454</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 21,370</u>
Total Net Assets	<u><u>\$ 21,370</u></u>

Exhibit J-11

Loudon County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Loudon County School Department
Proprietary Fund
For the Year Ended June 30, 2010

	Internal Service <hr/> Employee Dental and Vision Insurance Fund <hr/>
<u>Operating Revenues</u>	
Charges for Services	\$ 438,464
Total Operating Revenues	<u>\$ 438,464</u>
<u>Operating Expenses</u>	
Medical and Dental Services	\$ 417,094
Total Operating Expenses	<u>\$ 417,094</u>
Operating Income (Loss)	<u>\$ 21,370</u>
Change in Net Assets	\$ 21,370
Net Assets, July 1, 2009	<u>0</u>
Net Assets, June 30, 2010	<u><u>\$ 21,370</u></u>

Exhibit J-12

Loudon County, Tennessee
Statement of Cash Flows
Discretely Presented Loudon County School Department
Proprietary Fund
For the Year Ended June 30, 2010

	Internal Service
	Employee Dental and Vision Insurance Fund
	<hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 403,257
Payments for Claims	(390,640)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 12,617 <hr/>
Increase (Decrease) in Cash	\$ 12,617
Cash, July 1, 2009	<hr/> 0 <hr/>
Cash, June 30, 2010	<hr/> <hr/> \$ 12,617 <hr/> <hr/>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 21,370
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(35,207)
Increase (Decrease) in Other Current Liabilities	<hr/> 26,454 <hr/>
Net Cash Provided By (Used In) Operating Activities	<hr/> <hr/> \$ 12,617 <hr/> <hr/>

MISCELLANEOUS SCHEDULES

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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Highway Capital Projects	\$ 330,000	4.43%	3-29-06	3-29-11	\$ 123,884	0	\$ 69,615	\$ 54,269
Total Payable through General Debt Service Fund					\$ 123,884	0	\$ 69,615	\$ 54,269
<u>Payable through Education Debt Service Fund</u>								
Capital Outlay Note - HVAC and Safety	3,000,000	2.77	4-15-08	4-15-11	\$ 1,862,828	0	\$ 1,003,847	\$ 858,981
Local Government Energy Efficiency Loan Program	499,981	0	10-20-05	12-1-12	285,703	0	71,426	214,277
Capital Outlay Note - Construction Drawings for Schools	900,000	2.62	4-12-10	4-12-13	0	900,000	48,168	851,832
Capital Outlay Note - Architect and Engineering for School Project	1,912,627	3.4	7-22-09	8-30-12	0	1,912,627	562,681	1,349,946
Total Payable through Education Debt Service Fund					\$ 2,148,531	\$ 2,812,627	\$ 1,686,122	\$ 3,275,036
Total Notes Payable					\$ 2,272,415	\$ 2,812,627	\$ 1,755,737	\$ 3,329,305
OTHER LOANS PAYABLE								
<u>Payable through General Fund</u>								
City of Loudon - Highlands Business Center	475,000	0	5-1-00	(1)	\$ 410,750	0	\$ 9,330	\$ 401,420
Total Payable through General Fund					\$ 410,750	0	\$ 9,330	\$ 401,420
<u>Payable through General Debt Service Fund</u>								
Montgomery County PBA Loan	5,000,000	Variable	5-8-03	5-25-18	\$ 3,290,000	0	\$ 320,000	\$ 2,970,000
Blount County PBA Loan, Series E-3-C - Refunding	2,570,000	Variable	7-31-08	6-1-20	2,415,000	0	180,000	2,235,000
Total Payable through General Debt Service Fund					\$ 5,705,000	0	\$ 500,000	\$ 5,205,000
<u>Payable through Education Debt Service Fund</u>								
Blount County PBA Loan, Series E-3-C - Refunding	12,265,000	(2)	7-31-08	6-1-25	12,080,000	0	190,000	11,890,000
Qualified Zone Academy Bonds - Energy Efficiency	4,129,500	0	12-28-05	12-1-20	3,427,351	0	211,534	3,215,817
Total Payable through Education Debt Service Fund					\$ 15,507,351	0	\$ 401,534	\$ 15,105,817
Total Other Loans Payable					\$ 21,623,101	0	\$ 910,864	\$ 20,712,237

(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 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>CAPITAL LEASES</u>								
Payable through Solid Waste/Sanitation Fund								
Compactors and Containers	\$ 135,000	0 %	7-1-05	3-31-10	\$ 20,250	\$ 0	\$ 20,250	\$ 0
Total Capital Leases	\$				\$ 20,250	\$ 0	\$ 20,250	\$ 0
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
General Obligation Refunding Series 2004	5,225,000	1.8 to 4	3-31-04	4-1-20	4,965,000	0	285,000	4,680,000
Total Bonds Payable	\$				\$ 4,965,000	\$ 0	\$ 285,000	\$ 4,680,000
<u>DISCRETELY PRESENTED LOUDON COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund								
Energy Efficiency Note - Borrowed from Primary Government	499,981	0	10-20-05	12-1-12	\$ 285,703	\$ 0	\$ 71,426	\$ 214,277
Energy Efficiency QZAB - Borrowed from Primary Government	4,129,500	0	12-28-05	12-1-20	3,427,351	0	211,534	3,215,817
Total Notes Payable	\$				\$ 3,713,054	\$ 0	\$ 282,960	\$ 3,430,094

- (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) A previous issue, Series IV-H-1, was swapped from variable to synthetic fixed rate by execution of a swap agreement. That issue was refunded 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	Notes		Total
	Principal	Interest	
2011	\$ 1,914,050	\$ 67,321	\$ 1,981,371
2012	1,030,821	25,356	1,056,177
2013	384,434	3,257	387,691
Total	<u>\$ 3,329,305</u>	<u>\$ 95,934</u>	<u>\$ 3,425,239</u>

Year Ending June 30	Other Loans			Total
	Principal (1)	Interest	Other Fees	
2011	\$ 1,296,300	\$ 345,484	\$ 108,220	\$ 1,750,004
2012	1,342,300	330,098	101,818	1,774,216
2013	1,403,300	313,703	95,126	1,812,129
2014	1,449,300	296,402	88,048	1,833,750
2015	1,521,300	278,092	80,680	1,880,072
2016	1,574,300	258,724	72,856	1,905,880
2017	1,651,300	238,201	64,698	1,954,199
2018	1,709,300	216,479	56,052	1,981,831
2019	1,340,300	193,462	47,040	1,580,802
2020	1,410,300	170,004	40,224	1,620,528
2021	1,377,817	145,230	32,960	1,556,007
2022	970,000	119,427	27,104	1,116,531
2023	1,025,000	92,073	20,896	1,137,969
2024	1,090,000	63,168	14,336	1,167,504
2025	1,150,000	32,430	7,360	1,189,790
Total	<u>\$ 20,310,817</u>	<u>\$ 3,092,977</u>	<u>\$ 857,418</u>	<u>\$ 24,261,212</u>

(1) Does not include the City of Loudon - Highland Business Center note (\$401,420) 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	Bonds		Total
	Principal	Interest	
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	\$ 4,680,000	\$ 1,067,215	\$ 5,747,215

DISCRETELY PRESENTED LOUDON
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		Total
	Principal	Interest	
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	462,817	0	462,817
Total	\$ 3,430,094	\$ 0	\$ 3,430,094

Exhibit K-3

Loudon County, Tennessee
Schedule of Notes Receivable
June 30, 2010

Description	Debtor	Original Amount of Notes	Interest Rate	Date of Issue	Date of Maturity	Balance 6-30-10
<u>Education Debt Service Fund</u>						
Payment of Capital Outlay Note	Loudon County School Department	\$ 499,981	0 %	10-20-05	12-1-12	\$ 214,277
Payment of QZAB Loan	Loudon County School Department	4,129,500	0	12-28-05	12-1-20	<u>3,215,817</u>
Total Notes Receivable						<u>\$ 3,430,094</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, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Highway/Public Works	Public Library General Debt Service	Operations Retirement of debt	\$ 238,809 143,153
			<u>\$ 381,962</u>
<u>DISCRETELY PRESENTED LOUDON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Early intervention services	<u>\$ 100,000</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, 2010

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	113,000 (2)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	63,954	1,650,300	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	63,954	10,000	"
Director of Accounts and Budgets	County Commission	63,954	25,000	"
Purchasing Agent	County Commission	52,536	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.
- (3) Includes county workhouse supervisor pay of \$4,915.

Exhibit K-6

London County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2010

	Special Revenue Funds						
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 7,006,878	\$ 0	\$ 0	\$ 81,516	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	166,634	0	0	1,388	0	0	0
Trustee's Collections - Bankruptcy	3,618	0	0	20	0	0	0
Circuit/Clerk & Master Collections - Prior Years	109,990	0	0	2,391	0	0	0
Interest and Penalty	33,883	0	0	306	0	0	0
Payments in-Lieu-of Taxes - Other	2,487	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	271,558	0	0	543,115	0	0	0
Hotel/Motel Tax	364,041	0	0	0	0	0	0
Litigation Tax - General	84,601	0	0	0	0	0	0
Litigation Tax - Special Purpose	258,802	6,024	0	0	0	0	0
Business Tax	357,053	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	19,606	0	0	228	0	0	0
Wholesale Beer Tax	138,642	0	0	0	0	0	0
Total Local Taxes	\$ 8,817,743	\$ 6,024	\$ 0	\$ 628,964	\$ 0	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	\$ 53,813	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	265,730	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	2,518	0	0	0	0	0	0
Building Permits	176,468	0	0	0	0	0	0
Other Permits	18,749	0	0	0	0	0	0
Total Licenses and Permits	\$ 517,278	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds						
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial/ Economic Development	Drug Control	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 101	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Interpreter Fees	75	0	0	0	0	0	0
Data Entry Fee - Circuit Court	504	0	0	0	0	0	0
Courtroom Security Fee	4,780	0	0	0	0	0	0
<u>Criminal Court</u>							
Fines	12,133	0	0	0	0	0	0
Officers Costs	21,243	0	0	0	0	0	1,013
Drug Control Fines	2,980	0	0	0	0	0	10,463
Jail Fees	1,563	0	0	0	0	0	0
DUI Treatment Fines	1,836	0	0	0	0	0	0
Data Entry Fee - Criminal Court	5,261	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	57,888	0	0	0	0	0	730
Officers Costs	123,781	0	0	0	0	0	102
Game and Fish Fines	1,974	0	0	0	0	0	0
Drug Control Fines	8,133	0	0	0	0	0	6,184
Jail Fees	9,411	0	0	0	0	0	0
Interpreter Fees	150	0	0	0	0	0	0
DUI Treatment Fines	13,721	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	14,953	0	0	0	0	0	0
Courtroom Security Fee	134,767	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	1,254	0	0	0	0	0	0
Drug Control Fines	1,265	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	158	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	5,726	0	0	0	0	0	0
Data Entry Fee - Chancery Court	1,804	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
Fines	9,439	0	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Law Library	Public 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	\$ 0	\$ 52,115
Courtroom Security Fee	64	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	45,425
Other Fines, Forfeitures, and Penalties	21,337	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 456,301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 116,032
<u>Charges for Current Services</u>						
<u>Fees</u>						
Copy Fees	\$ 3	\$ 0	\$ 4,367	\$ 0	\$ 0	\$ 0
Library Fees	0	0	4,471	0	0	0
Telephone Commissions	20,596	0	0	0	0	0
Vending Machine Collections	91	0	0	0	0	0
Data Processing Fee - Register	23,778	0	0	0	0	0
Data Processing Fee - Sheriff	10,421	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,685	0	0	0	0	0
Data Processing Fee - County Clerk	2,609	0	0	0	0	0
Total Charges for Current Services	\$ 59,183	\$ 0	\$ 8,838	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 42,346	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	5,450	0	0	0	11,117	0
Sale of Materials and Supplies	862	0	535	0	0	0
Commissary Sales	9,123	0	0	0	0	0
Sale of Maps	879	0	0	0	0	0
Sale of Recycled Materials	2,233	0	0	92,484	0	0
Retirees' Insurance Payments	416	0	0	139	0	0
Miscellaneous Refunds	9,454	0	83	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Revenue from Joint Ventures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,834
Sale of Equipment	7,632	0	0	0	0	0
Sale of Property	0	0	0	0	0	0
Damages Recovered from Individuals	30	0	0	0	0	0
Contributions and Gifts	3,252	0	215	0	0	26,213
<u>Other Local Revenues</u>						
Other Local Revenues	59,000	0	0	0	0	0
Total Other Local Revenues	\$ 140,677	\$ 0	\$ 833	\$ 92,623	\$ 11,117	\$ 56,047
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 402,892	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	96,973	0	0	0	0	0
General Sessions Court Clerk	489,217	0	0	0	0	0
Clerk and Master	91,163	0	0	0	0	0
Register	306,315	0	0	0	0	0
Sheriff	18,135	0	0	0	0	0
Trustee	715,994	0	0	0	0	0
Total Fees Received from County Officials	\$ 2,120,689	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 10,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	10,054	0	0	0	0	0
State Reappraisal Grant	16,346	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	23,400	0	0	0	0	0
Other Public Safety Grants	5,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	320,834	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial/ Economic Development	Drug Control
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
State Aid Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0
Litter Program	0	0	0	43,454	0	0
<u>Other State Revenues</u>						
Income Tax	741,712	0	0	0	0	0
Beer Tax	17,778	0	0	0	0	0
Alcoholic Beverage Tax	49,615	0	0	0	0	0
Mixed Drink Tax	2,237	0	0	0	0	0
Board of Jurors	77	0	0	0	0	0
Contracted Prisoner Boarding	45,780	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
State Shared Sales Tax - Cities	4,799	0	0	0	0	0
Other State Grants	0	0	1,500	0	0	0
Other State Revenues	370,237	0	0	0	0	0
Total State of Tennessee	\$ 1,634,949 \$	0 \$	1,500 \$	43,454 \$	0 \$	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 47,620 \$	0 \$	0 \$	0 \$	0 \$	0
Homeland Security Grants	114,631	0	0	0	0	0
Other Federal through State	42,728	0	0	0	0	0
<u>Direct Federal Revenue</u>						
ARRA Grant No. 7	16,465	0	0	0	0	0
Total Federal Government	\$ 221,444 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 1,200 \$	0 \$	0 \$	0 \$	0 \$	0
Contributions	3,642	0	64,803	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>Other Governments and Citizens Groups (Cont.)</u>						
<u>Other Governments (Cont.)</u>						
Contracted Services	\$ 73,840	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Citizens Groups						
Donations	15,365	0	3,992	0	0	0
Other	27,457	0	0	0	0	0
	<u>\$ 121,504</u>	<u>\$ 0</u>	<u>\$ 68,795</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Other Governments and Citizens Groups	\$ 14,089,768	\$ 6,024	\$ 79,966	\$ 765,041	\$ 11,117	\$ 172,079
Total						

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects	Highway Capital Projects		
<u>Local Taxes</u>										
<u>County Property Taxes</u>										
Current Property Tax	\$ 0	\$ 529,851	\$ 1,059,681	\$ 3,039,441	\$ 244,530	\$ 285,269	\$ 12,247,166			
Trustee's Collections - Prior Year	0	11,109	26,383	33,900	5,554	0	244,968			
Trustee's Collections - Bankruptcy	0	159	685	150	149	0	4,781			
Circuit/Clerk & Master Collections - Prior Years	0	5,579	15,142	0	3,985	0	137,087			
Interest and Penalty	0	2,312	5,350	8,310	1,141	303	51,555			
Payments in-Lieu-of Taxes - Other	0	0	19,140	0	0	0	21,627			
<u>County Local Option Taxes</u>										
Local Option Sales Tax	0	0	0	0	0	0	814,673			
Hotel/Motel Tax	0	0	0	0	0	0	364,041			
Litigation Tax - General	0	0	0	0	0	0	84,601			
Litigation Tax - Special Purpose	0	0	0	0	0	0	264,826			
Business Tax	0	0	0	0	0	0	357,053			
Mineral Severance Tax	0	54,642	0	0	0	0	54,642			
<u>Statutory Local Taxes</u>										
Bank Excise Tax	0	1,483	2,965	9,675	684	798	35,439			
Wholesale Beer Tax	0	0	0	0	0	0	138,642			
Total Local Taxes	\$ 0	\$ 605,135	\$ 1,129,346	\$ 3,091,476	\$ 256,043	\$ 286,370	\$ 14,821,101			
<u>Licenses and Permits</u>										
<u>Licenses</u>										
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,813			
Cable TV Franchise	0	0	0	0	0	0	265,730			
<u>Permits</u>										
Beer Permits	0	0	0	0	0	0	2,518			
Building Permits	0	0	0	0	0	0	176,468			
Other Permits	0	0	0	0	0	0	18,749			
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 517,278			

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway / Public Works	Education Debt Service	General Debt Service	Education Debt Service	General Capital Projects	Highway Capital Projects			
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	101	
Interpreter Fees	0	0	0	0	0	0	0	0	75	
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	504	
Courtroom Security Fee	0	0	0	0	0	0	0	0	4,780	
<u>Criminal Court</u>										
Fines	0	0	0	0	0	0	0	0	12,133	
Officers Costs	0	0	0	0	0	0	0	0	22,256	
Drug Control Fines	0	0	0	0	0	0	0	0	13,443	
Jail Fees	0	0	0	0	0	0	0	0	1,563	
DUI Treatment Fines	0	0	0	0	0	0	0	0	1,836	
Data Entry Fee - Criminal Court	0	0	0	0	0	0	0	0	5,261	
<u>General Sessions Court</u>										
Fines	0	0	0	0	0	0	0	0	58,618	
Officers Costs	0	0	0	0	0	0	0	0	123,883	
Game and Fish Fines	0	0	0	0	0	0	0	0	1,974	
Drug Control Fines	0	0	0	0	0	0	0	0	14,317	
Jail Fees	0	0	0	0	0	0	0	0	9,411	
Interpreter Fees	0	0	0	0	0	0	0	0	150	
DUI Treatment Fines	0	0	0	0	0	0	0	0	13,721	
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	14,953	
Courtroom Security Fee	0	0	0	0	0	0	0	0	134,767	
<u>Juvenile Court</u>										
Fines	0	0	0	0	0	0	0	0	1,254	
Drug Control Fines	0	0	0	0	0	0	0	0	1,265	
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	158	
<u>Chancery Court</u>										
Officers Costs	0	0	0	0	0	0	0	0	5,726	
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	1,804	
<u>Other Courts - In-county</u>										
Fines	0	0	0	0	0	0	0	0	9,439	

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway / Public Works	Highway	General Debt Service	Education Debt Service	Education	General Capital Projects	Highway 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	\$ 0	\$ 52,115	
Courtroom Security Fee	0	0	0	0	0	0	0	0	64	
<u>Other Fines, Forfeitures, and Penalties</u>										
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	45,425	
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	21,337	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 572,333	
<u>Charges for Current Services</u>										
<u>Fees</u>										
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,370	
Library Fees	0	0	0	0	0	0	0	0	4,471	
Telephone Commissions	0	0	0	0	0	0	0	0	20,596	
Vending Machine Collections	0	0	0	0	0	0	0	0	91	
Data Processing Fee - Register	0	0	0	0	0	0	0	0	23,778	
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	0	10,421	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	1,685	
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	2,609	
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,021	
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	\$ 0	\$ 0	\$ 0	\$ 8,599	\$ 23,198	\$ 0	\$ 0	\$ 0	\$ 74,143	
Lease/Rentals	0	0	0	0	0	0	0	0	16,567	
Sale of Materials and Supplies	0	8,184	0	0	0	0	0	0	9,581	
Commissary Sales	0	0	0	0	0	0	0	0	9,123	
Sale of Maps	0	0	0	0	0	0	0	0	879	
Sale of Recycled Materials	0	0	0	0	0	0	0	0	94,717	
Retirees' Insurance Payments	0	2,086	0	0	0	0	0	0	2,641	
Miscellaneous Refunds	0	1,140	0	0	0	0	0	0	10,677	

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway/ Public Works		General Debt Service	Education Debt Service		General Capital Projects	Highway Capital Projects		
<u>Other Local Revenues (Cont.)</u>										
<u>Nonrecurring Items</u>										
Revenue from Joint Ventures	\$ 0	\$ 0	\$ 30,387	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,221	
Sale of Equipment	1,400	368	0	0	0	0	0	0	9,400	
Sale of Property	0	4,460	0	0	0	0	0	0	4,460	
Damages Recovered from Individuals	0	1,188	0	0	0	0	0	0	1,218	
Contributions and Gifts	0	0	0	0	0	4,015	0	0	33,695	
<u>Other Local Revenues</u>										
Other Local Revenues	0	0	0	0	0	0	0	0	59,000	
Total Other Local Revenues	\$ 1,400	\$ 17,426	\$ 38,986	\$ 23,198	\$ 4,015	\$ 0	\$ 0	\$ 0	\$ 386,322	
<u>Fees Received from County Officials</u>										
<u>Fees in-Lieu-of Salary</u>										
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 402,892	
Circuit Court Clerk	0	0	0	0	0	0	0	0	96,973	
General Sessions Court Clerk	0	0	0	0	0	0	0	0	489,217	
Clerk and Master	0	0	0	0	0	0	0	0	91,163	
Register	0	0	0	0	0	0	0	0	306,315	
Sheriff	0	0	0	0	0	0	0	0	18,135	
Trustee	0	0	0	0	0	0	0	0	715,994	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,120,689	
<u>State of Tennessee</u>										
<u>General Government Grants</u>										
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,700	
Aging Programs	0	0	0	0	0	0	0	0	10,054	
State Reappraisal Grant	0	0	0	0	0	0	0	0	16,346	
<u>Public Safety Grants</u>										
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	23,400	
Other Public Safety Grants	0	0	0	0	0	0	0	0	5,000	
<u>Health and Welfare Grants</u>										
Health Department Programs	0	0	0	0	0	0	0	0	320,834	

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway/ Public Works		General Debt Service	Education Debt Service		General Capital Projects	Highway Capital Projects		
<u>State of Tennessee (Cont.)</u>										
<u>Public Works Grants</u>										
State Aid Program	0 \$	206,633 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	206,633
Litter Program	0	0	0	0	0	0	0	0	0	43,454
<u>Other State Revenues</u>										
Income Tax	0	0	0	0	0	0	0	0	0	741,712
Beer Tax	0	0	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	0	49,615
Mixed Drink Tax	0	0	0	0	0	0	0	0	0	2,237
Board of Jurors	0	0	0	0	0	0	0	0	0	77
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	0	45,780
Gasoline and Motor Fuel Tax	0	1,516,735	0	0	0	0	0	0	0	1,516,735
Petroleum Special Tax	0	31,390	0	0	0	0	0	0	0	31,390
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	0	16,380
State Shared Sales Tax - Cities	0	0	0	0	0	0	0	0	0	4,799
Other State Grants	0	0	0	0	0	0	0	0	0	1,500
Other State Revenues	0	0	0	0	0	0	0	0	0	370,237
Total State of Tennessee	0 \$	1,754,758 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	3,434,661
<u>Federal Government</u>										
<u>Federal Through State</u>										
Civil Defense Reimbursement	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	47,620
Homeland Security Grants	0	0	0	0	0	0	0	0	0	114,631
Other Federal through State	0	0	0	0	0	0	0	0	0	42,728
<u>Direct Federal Revenue</u>										
ARRA Grant No. 7	0	0	0	0	0	0	0	0	0	16,465
Total Federal Government	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	221,444
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Prisoner Board	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,200
Contributions	0	0	0	0	0	0	0	0	0	68,445

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway/ Public Works		General Debt Service	Education Debt Service		General Capital Projects	Highway Capital Projects		
<u>Other Governments and Citizens Groups (Cont.)</u>										
<u>Other Governments (Cont.)</u>										
Contracted Services	\$ 0	\$ 0	\$ 100,316	\$ 0	\$ 0	\$ 6,627	\$ 0	\$ 0	\$ 180,783	
<u>Citizens Groups</u>										
Donations	0	0	0	0	0	0	0	0	19,357	
<u>Other</u>	0	0	0	0	0	0	0	0	27,457	
<u>Total Other Governments and Citizens Groups</u>	\$ 0	\$ 0	\$ 100,316	\$ 0	\$ 0	\$ 6,627	\$ 0	\$ 0	\$ 297,242	
<u>Total</u>	\$ 1,400	\$ 2,377,319	\$ 1,268,648	\$ 3,114,674	\$ 266,685	\$ 286,370	\$ 22,439,091			

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, 2010

	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 8,977,713	\$ 0	\$ 0	\$ 8,977,713
Trustee's Collections - Prior Year	190,724	0	0	190,724
Trustee's Collections - Bankruptcy	3,235	0	0	3,235
Circuit/Clerk & Master Collections - Prior Years	106,198	0	0	106,198
Interest and Penalty	39,637	0	0	39,637
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,817,920	0	0	2,817,920
Adequate Facilities/Development Tax	0	0	432,366	432,366
<u>Statutory Local Taxes</u>				
Bank Excise Tax	25,118	0	0	25,118
Interstate Telecommunications Tax	3,858	0	0	3,858
Total Local Taxes	\$ 12,164,403	\$ 0	\$ 432,366	\$ 12,596,769
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,206	\$ 0	\$ 0	\$ 1,206
Total Licenses and Permits	\$ 1,206	\$ 0	\$ 0	\$ 1,206
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Receipts from Individual Schools	\$ 1,025,626	\$ 0	\$ 0	\$ 1,025,626
Community Service Fees - Children	81,268	0	0	81,268
Total Charges for Current Services	\$ 1,106,894	\$ 0	\$ 0	\$ 1,106,894
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 19,043	\$ 0	\$ 0	\$ 19,043
Sale of Materials and Supplies	760	0	0	760
Refund of Telecommunication and Internet Fees (E-Rate)	18,534	0	0	18,534
Miscellaneous Refunds	24,614	0	0	24,614
<u>Nonrecurring Items</u>				
Contributions and Gifts	6,250	0	0	6,250
Total Other Local Revenues	\$ 69,201	\$ 0	\$ 0	\$ 69,201
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 160,008	\$ 0	\$ 0	\$ 160,008
<u>State Education Funds</u>				
Basic Education Program	17,956,500	0	0	17,956,500
Basic Education Program - ARRA	926,500	0	0	926,500
School Food Service	25,430	0	0	25,430
Other State Education Funds	520,027	0	0	520,027
Coordinated School Health - ARRA	160,000	0	0	160,000
Internet Connectivity - ARRA	14,459	0	0	14,459
Family Resource Centers - ARRA	33,300	0	0	33,300
Career Ladder Program	214,160	0	0	214,160
Career Ladder - Extended Contract - ARRA	119,541	0	0	119,541

(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>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Mixed Drink Tax	\$ 1,521	\$ 0	\$ 0	\$ 1,521
State Revenue Sharing - T.V.A.	1,051,270	0	0	1,051,270
Safe Schools - ARRA	12,943	0	0	12,943
Total State of Tennessee	<u>\$ 21,195,659</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,195,659</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 1,023,199	\$ 0	\$ 0	\$ 1,023,199
Breakfast	383,521	0	0	383,521
USDA - Other	4,236	0	0	4,236
USDA Food Service Equipment Grant - ARRA	16,500	0	0	16,500
Vocational Education - Basic Grants to States	0	70,181	0	70,181
Other Vocational	0	91,961	0	91,961
Title I Grants to Local Education Agencies	0	681,846	0	681,846
Special Education - Grants to States	54,179	1,494,733	0	1,548,912
Special Education Preschool Grants	0	31,240	0	31,240
English Language Acquisition Grants	0	28,249	0	28,249
Safe and Drug-free Schools - State Grants	0	12,829	0	12,829
Eisenhower Professional Development State Grants	0	183,102	0	183,102
Other Federal through State	321,073	22,098	0	343,171
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	63,421	0	0	63,421
Total Federal Government	<u>\$ 1,866,129</u>	<u>\$ 2,616,239</u>	<u>\$ 0</u>	<u>\$ 4,482,368</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 0	\$ 0	\$ 2,809,627	\$ 2,809,627
<u>Citizens Groups</u>				
Donations	8,281	0	0	8,281
<u>Other</u>				
Other	502	0	0	502
Total Other Governments and Citizens Groups	<u>\$ 8,783</u>	<u>\$ 0</u>	<u>\$ 2,809,627</u>	<u>\$ 2,818,410</u>
Total	<u>\$ 36,412,275</u>	<u>\$ 2,616,239</u>	<u>\$ 3,241,993</u>	<u>\$ 42,270,507</u>

Exhibit K-8

Loudon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	79,030	
Social Security		4,752	
State Retirement		4,429	
Life Insurance		91	
Medical Insurance		13,046	
Dental Insurance		2,722	
Employer Medicare		1,111	
Consultants		13,022	
Dues and Memberships		10,966	
Travel		3,403	
Office Supplies		684	
Other Supplies and Materials		2,413	
Workers' Compensation Insurance		6,259	
In Service/Staff Development		1,140	
Total County Commission			\$ 143,068

Board of Equalization

Board and Committee Members Fees	\$	906	
Total Board of Equalization			906

Beer Board

Board and Committee Members Fees	\$	3,650	
Advertising		434	
Total Beer Board			4,084

Other Boards and Committees

Board and Committee Members Fees	\$	5,000	
Total Other Boards and Committees			5,000

County Mayor/Executive

County Official/Administrative Officer	\$	79,028	
Secretary(ies)		36,582	
Social Security		6,978	
State Retirement		10,800	
Life Insurance		233	
Medical Insurance		14,234	
Dental Insurance		835	
Employer Medicare		1,632	
Communication		2,648	
Dues and Memberships		1,775	

(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.)

Maintenance and Repair Services - Vehicles	\$	135	
Travel		2,260	
Other Contracted Services		1,212	
Gasoline		676	
Office Supplies		801	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		1,565	
In Service/Staff Development		755	
Total County Mayor/Executive			\$ 162,324

Personnel Office

Supervisor/Director	\$	4,000	
Clerical Personnel		36,046	
Overtime Pay		892	
Social Security		2,456	
State Retirement		3,740	
Life Insurance		84	
Medical Insurance		8,601	
Dental Insurance		629	
Employer Medicare		574	
Medical and Dental Services		3,918	
Postal Charges		83	
Travel		211	
Office Supplies		621	
Other Supplies and Materials		434	
Workers' Compensation Insurance		782	
In Service/Staff Development		448	
Total Personnel Office			63,519

County Attorney

Legal Services	\$	2,830	
Other Contracted Services		85,486	
Judgments		302	
Total County Attorney			88,618

Election Commission

County Official/Administrative Officer	\$	55,207	
Secretary(ies)		35,747	
Temporary Personnel		2,715	
Overtime Pay		2,316	

(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.)

Election Commission	\$	12,000	
Election Workers		27,247	
Social Security		7,589	
State Retirement		8,603	
Life Insurance		233	
Medical Insurance		16,832	
Dental Insurance		835	
Unemployment Compensation		6,050	
Employer Medicare		1,779	
Advertising		2,957	
Communication		3,370	
Dues and Memberships		225	
Operating Lease Payments		94	
Licenses		3,015	
Maintenance and Repair Services - Equipment		587	
Postal Charges		3,698	
Printing, Stationery, and Forms		3,517	
Travel		6,269	
Other Contracted Services		13,296	
Office Supplies		2,208	
Workers' Compensation Insurance		1,565	
Office Equipment		4,080	
Total Election Commission			\$ 222,034

Register of Deeds

County Official/Administrative Officer	\$	63,954
Clerical Personnel		117,241
Social Security		10,818
State Retirement		16,930
Life Insurance		486
Medical Insurance		52,582
Dental Insurance		2,721
Employer Medicare		2,530
Communication		1,087
Dues and Memberships		647
Operating Lease Payments		2,659
Travel		928
Other Contracted Services		28,868
Office Supplies		3,718
Premiums on Corporate Surety Bonds		100

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Workers' Compensation Insurance	\$	3,912	
Total Register of Deeds			\$ 309,181

Planning

Assistant(s)	\$	123,693	
Supervisor/Director		79,188	
Secretary(ies)		35,600	
Overtime Pay		44	
Social Security		14,477	
State Retirement		21,982	
Life Insurance		581	
Medical Insurance		51,625	
Dental Insurance		3,151	
Employer Medicare		3,386	
Communication		4,639	
Consultants		1,568	
Dues and Memberships		650	
Operating Lease Payments		2,200	
Maintenance and Repair Services - Vehicles		435	
Postal Charges		472	
Printing, Stationery, and Forms		518	
Travel		252	
Gasoline		5,170	
Office Supplies		3,078	
Workers' Compensation Insurance		3,912	
In Service/Staff Development		870	
Office Equipment		769	
Total Planning			358,260

Geographical Information Systems

Supervisor/Director	\$	36,791	
Social Security		2,163	
State Retirement		3,438	
Life Insurance		84	
Medical Insurance		8,601	
Dental Insurance		629	
Employer Medicare		506	
Travel		29	
Other Contracted Services		3,000	
Office Supplies		313	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems (Cont.)

Workers' Compensation Insurance	\$ 782	
Total Geographical Information Systems		\$ 56,336

County Buildings

Supervisor/Director	\$ 41,656	
Laborers	305,042	
Custodial Personnel	24,582	
Temporary Personnel	2,880	
Overtime Pay	2,749	
Social Security	22,228	
State Retirement	34,954	
Life Insurance	1,050	
Medical Insurance	107,664	
Dental Insurance	6,494	
Employer Medicare	5,199	
Communication	25,583	
Operating Lease Payments	5,887	
Maintenance and Repair Services - Buildings	73,188	
Maintenance and Repair Services - Vehicles	6,612	
Pest Control	4,980	
Other Contracted Services	153,728	
Custodial Supplies	7,119	
Duplicating Supplies	8,345	
Gasoline	16,132	
Office Supplies	1,405	
Tires and Tubes	684	
Uniforms	4,202	
Utilities	285,029	
Other Supplies and Materials	494	
Workers' Compensation Insurance	8,606	
Maintenance Equipment	1,209	
Office Equipment	961	
Total County Buildings		1,158,662

Other General Administration

Building and Contents Insurance	\$ 235,781	
Total Other General Administration		235,781

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance

Accounting and Budgeting

Supervisor/Director	\$	63,954	
Accountants/Bookkeepers		212,415	
Salary Supplements		3,546	
Overtime Pay		3,811	
Social Security		17,161	
State Retirement		26,512	
Life Insurance		820	
Medical Insurance		53,487	
Dental Insurance		2,080	
Employer Medicare		4,013	
Audit Services		11,726	
Communication		1,817	
Operating Lease Payments		2,998	
Legal Notices, Recording, and Court Costs		297	
Postal Charges		2,697	
Printing, Stationery, and Forms		4,913	
Travel		1,545	
Other Contracted Services		14,110	
Office Supplies		7,510	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		5,476	
In Service/Staff Development		1,279	
Furniture and Fixtures		1,228	
Total Accounting and Budgeting			\$ 443,495

Purchasing

Supervisor/Director	\$	52,536
Purchasing Personnel		68,916
Overtime Pay		992
Social Security		7,395
State Retirement		11,440
Life Insurance		250
Medical Insurance		17,491
Dental Insurance		1,040
Employer Medicare		1,729
Advertising		985
Communication		1,627
Dues and Memberships		475
Operating Lease Payments		2,054
Travel		1,588

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Office Supplies	\$	2,528	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		2,347	
In Service/Staff Development		755	
Office Equipment		392	
Total Purchasing			\$ 174,715

Property Assessor's Office

County Official/Administrative Officer	\$	63,954	
Secretary(ies)		129,692	
Temporary Personnel		2,295	
Overtime Pay		356	
Social Security		11,695	
State Retirement		18,127	
Life Insurance		504	
Medical Insurance		58,806	
Dental Insurance		3,350	
Employer Medicare		2,735	
Communication		2,537	
Data Processing Services		8,043	
Dues and Memberships		1,530	
Operating Lease Payments		1,280	
Maintenance Agreements		10,653	
Maintenance and Repair Services - Vehicles		124	
Postal Charges		1,914	
Travel		1,868	
Other Contracted Services		36,344	
Gasoline		1,049	
Office Supplies		2,847	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		4,694	
In Service/Staff Development		830	
Office Equipment		967	
Total Property Assessor's Office			366,294

County Trustee's Office

County Official/Administrative Officer	\$	63,954	
Clerical Personnel		91,308	
Temporary Personnel		5,825	
Part-time Personnel		8,409	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Social Security	\$	10,016	
State Retirement		14,507	
Life Insurance		338	
Medical Insurance		33,374	
Dental Insurance		2,516	
Employer Medicare		2,342	
Communication		2,219	
Dues and Memberships		647	
Operating Lease Payments		1,082	
Maintenance Agreements		5,853	
Printing, Stationery, and Forms		186	
Travel		1,788	
Other Contracted Services		21,780	
Office Supplies		9,589	
Premiums on Corporate Surety Bonds		6,320	
Workers' Compensation Insurance		3,129	
Office Equipment		3,907	
Total County Trustee's Office			\$ 289,089

County Clerk's Office

County Official/Administrative Officer	\$	63,954	
Clerical Personnel		190,960	
Temporary Personnel		4,560	
Part-time Personnel		25,156	
Social Security		16,851	
State Retirement		23,786	
Life Insurance		729	
Medical Insurance		58,259	
Dental Insurance		2,893	
Employer Medicare		3,941	
Communication		2,277	
Dues and Memberships		662	
Operating Lease Payments		1,973	
Other Contracted Services		16,245	
Office Supplies		12,502	
Premiums on Corporate Surety Bonds		250	
Workers' Compensation Insurance		6,259	
Office Equipment		429	
Total County Clerk's Office			431,686

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Data Processing

Computer Programmer(s)	\$	40,876	
Social Security		2,424	
State Retirement		3,820	
Life Insurance		83	
Medical Insurance		7,562	
Dental Insurance		523	
Employer Medicare		567	
Communication		3,100	
Other Contracted Services		1,656	
Office Supplies		444	
Workers' Compensation Insurance		782	
Data Processing Equipment		5,700	
Total Data Processing			\$ 67,537

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Clerical Personnel		108,973	
Overtime Pay		1,324	
Social Security		10,605	
State Retirement		16,281	
Life Insurance		486	
Medical Insurance		31,675	
Dental Insurance		1,463	
Employer Medicare		2,480	
Communication		1,559	
Dues and Memberships		512	
Operating Lease Payments		1,506	
Printing, Stationery, and Forms		3,180	
Travel		2,234	
Other Contracted Services		12,665	
Office Supplies		5,214	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		3,129	
In Service/Staff Development		301	
Office Equipment		1,023	
Total Circuit Court			268,739

General Sessions Court

Clerical Personnel	\$	235,335	
--------------------	----	---------	--

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Temporary Personnel	\$	11,807	
Part-time Personnel		23,444	
Overtime Pay		2,468	
Other Salaries and Wages		7,470	
Social Security		16,776	
State Retirement		22,910	
Life Insurance		775	
Medical Insurance		59,132	
Dental Insurance		4,361	
Employer Medicare		3,923	
Communication		1,420	
Dues and Memberships		35	
Operating Lease Payments		2,859	
Printing, Stationery, and Forms		4,662	
Travel		1,800	
Other Contracted Services		16,542	
Office Supplies		12,290	
Workers' Compensation Insurance		7,824	
In Service/Staff Development		90	
Office Equipment		10,946	
Total General Sessions Court			\$ 446,869

General Sessions Judge

County Official/Administrative Officer	\$	138,676	
Clerical Personnel		47,314	
Temporary Personnel		5,000	
Overtime Pay		45	
Social Security		9,609	
State Retirement		17,378	
Life Insurance		88	
Medical Insurance		9,538	
Dental Insurance		835	
Employer Medicare		2,670	
Communication		1,081	
Dues and Memberships		330	
Evaluation and Testing		27,000	
Travel		1,034	
Office Supplies		1,177	
Workers' Compensation Insurance		1,565	
Office Equipment		1,288	
Total General Sessions Judge			264,628

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	63,954	
Clerical Personnel		62,791	
Social Security		7,701	
State Retirement		11,842	
Life Insurance		169	
Medical Insurance		30,720	
Dental Insurance		1,258	
Employer Medicare		1,801	
Communication		1,219	
Dues and Memberships		642	
Operating Lease Payments		1,270	
Postal Charges		5,483	
Travel		1,397	
Office Supplies		4,121	
Premiums on Corporate Surety Bonds		219	
Workers' Compensation Insurance		2,347	
In Service/Staff Development		225	
Office Equipment		3,600	
Total Chancery Court			\$ 200,759

Juvenile Court

Supervisor/Director	\$	61,477
Social Workers		169,301
Part-time Personnel		12,127
Overtime Pay		6,233
Social Security		15,196
State Retirement		22,122
Life Insurance		504
Medical Insurance		26,092
Dental Insurance		2,298
Employer Medicare		3,554
Communication		7,205
Operating Lease Payments		1,774
Maintenance and Repair Services - Vehicles		575
Travel		4,486
Other Contracted Services		27,281
Gasoline		3,018
Office Supplies		2,285
Tires and Tubes		305
Other Supplies and Materials		1,265

(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.)

Workers' Compensation Insurance	\$	4,694	
In Service/Staff Development		1,200	
Total Juvenile Court			\$ 372,992

Other Administration of Justice

Jury and Witness Expense	\$	9,317	
Other Contracted Services		2,787	
Furniture and Fixtures		1,688	
Total Other Administration of Justice			13,792

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	75,265	
Assistant(s)		108,460	
Deputy(ies)		1,056,189	
Investigator(s)		166,663	
Captain(s)		48,264	
Sergeant(s)		133,362	
Salary Supplements		23,400	
Secretary(ies)		24,730	
Clerical Personnel		83,960	
Part-time Personnel		67,164	
School Resource Officer		150,406	
Overtime Pay		141,957	
Social Security		126,767	
State Retirement		187,090	
Life Insurance		4,334	
Medical Insurance		442,176	
Dental Insurance		24,203	
Employer Medicare		29,647	
Communication		13,883	
Dues and Memberships		2,135	
Operating Lease Payments		2,262	
Maintenance Agreements		4,090	
Maintenance and Repair Services - Equipment		1,169	
Maintenance and Repair Services - Vehicles		121,838	
Tow-in Services		3,129	
Travel		7,133	
Other Contracted Services		4,205	
Drugs and Medical Supplies		1,382	

(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.)

Gasoline	\$	185,028	
Office Supplies		16,063	
Tires and Tubes		24,020	
Uniforms		16,267	
Other Supplies and Materials		5,625	
Premiums on Corporate Surety Bonds		125	
Workers' Compensation Insurance		37,553	
In Service/Staff Development		13,160	
Other Charges		1,039	
Communication Equipment		324	
Furniture and Fixtures		621	
Motor Vehicles		6,624	
Office Equipment		7,147	
Total Sheriff's Department			\$ 3,368,859

Special Patrols

Contributions	\$	24,000	
Total Special Patrols			24,000

Traffic Control

Utilities	\$	830	
Total Traffic Control			830

Jail

Lieutenant(s)	\$	44,958	
Guards		549,688	
Cafeteria Personnel		57,441	
Part-time Personnel		312	
Overtime Pay		48,095	
Social Security		42,280	
State Retirement		65,460	
Life Insurance		1,688	
Medical Insurance		169,143	
Dental Insurance		9,190	
Employer Medicare		9,891	
Operating Lease Payments		1,632	
Legal Services		5,000	
Travel		1,597	
Other Contracted Services		549	
Custodial Supplies		10,774	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Drugs and Medical Supplies	\$	140,104	
Food Supplies		97,238	
Office Supplies		6,180	
Uniforms		4,760	
Other Supplies and Materials		16,217	
Workers' Compensation Insurance		16,429	
Office Equipment		1,400	
Total Jail			\$ 1,300,026

Juvenile Services

Other Salaries and Wages	\$	15,823	
Other Per Diem and Fees		1,100	
Social Security		965	
State Retirement		1,478	
Employer Medicare		226	
Other Supplies and Materials		135	
Total Juvenile Services			19,727

Rural Fire Protection

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

Civil Defense

Supervisor/Director	\$	52,536	
Secretary(ies)		26,100	
Overtime Pay		19	
Social Security		4,792	
State Retirement		7,348	
Life Insurance		167	
Medical Insurance		4,821	
Dental Insurance		854	
Employer Medicare		1,121	
Communication		3,184	
Maintenance and Repair Services - Vehicles		167	
Travel		125	
Other Contracted Services		762	
Gasoline		2,172	
Office Supplies		1,411	
Uniforms		309	
Other Supplies and Materials		463	

(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.)

Workers' Compensation Insurance	\$	1,565	
In Service/Staff Development		599	
Total Civil Defense			\$ 108,515

Rescue Squad

Contributions	\$	111,310	
Total Rescue Squad			111,310

Other Emergency Management

Food Supplies	\$	239	
Other Supplies and Materials		459	
Communication Equipment		121,433	
Office Equipment		6,620	
Total Other Emergency Management			128,751

County Coroner/Medical Examiner

Medical Personnel	\$	9,000	
Other Contracted Services		26,000	
Total County Coroner/Medical Examiner			35,000

Public Safety Grant Programs

Law Enforcement Equipment	\$	5,000	
Total Public Safety Grant Programs			5,000

Other Public Safety

Supervisor/Director	\$	26,268	
Deputy(ies)		18,748	
Dispatchers/Radio Operators		163,355	
Part-time Personnel		30,591	
Overtime Pay		10,144	
Social Security		15,205	
State Retirement		20,422	
Life Insurance		529	
Medical Insurance		40,514	
Dental Insurance		2,476	
Unemployment Compensation		523	
Employer Medicare		3,556	
Communication		5,865	
Contributions		194,580	
Operating Lease Payments		692	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Travel	\$	991	
Other Contracted Services		3,812	
Gasoline		241	
Office Supplies		2,015	
Uniforms		1,494	
In Service/Staff Development		435	
Total Other Public Safety			\$ 542,456

Public Health and Welfare

Local Health Center

Assistant(s)	\$	21,542	
Social Security		1,336	
State Retirement		2,013	
Life Insurance		83	
Medical Insurance		12,387	
Dental Insurance		629	
Employer Medicare		312	
Communication		4,345	
Contributions		3,585	
Dues and Memberships		200	
Operating Lease Payments		1,412	
Postal Charges		1,856	
Travel		376	
Other Contracted Services		13,738	
Drugs and Medical Supplies		48,035	
Office Supplies		6,151	
Other Supplies and Materials		1,318	
Workers' Compensation Insurance		6,258	
Total Local Health Center			125,576

Rabies and Animal Control

Assistant(s)	\$	30,726
Part-time Personnel		21,162
Overtime Pay		3,605
Other Salaries and Wages		101,513
Social Security		9,323
State Retirement		12,695
Life Insurance		414
Medical Insurance		49,080
Dental Insurance		2,699

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Employer Medicare	\$	2,180	
Communication		2,438	
Licenses		740	
Maintenance and Repair Services - Vehicles		12,179	
Travel		784	
Veterinary Services		24,695	
Custodial Supplies		3,706	
Data Processing Supplies		2,350	
Gasoline		5,195	
Office Supplies		839	
Tires and Tubes		600	
Uniforms		1,700	
Utilities		7,403	
Other Supplies and Materials		1,494	
Workers' Compensation Insurance		3,912	
Motor Vehicles		25,833	
Office Equipment		485	
Total Rabies and Animal Control			\$ 327,750

Other Local Health Services

Overtime Pay	\$	468	
Other Salaries and Wages		198,564	
In-Service Training		145	
Social Security		12,155	
State Retirement		16,679	
Life Insurance		436	
Medical Insurance		84,364	
Dental Insurance		4,517	
Employer Medicare		2,843	
Travel		6,318	
Other Contracted Services		8,048	
Other Charges		4,129	
Furniture and Fixtures		3,701	
Total Other Local Health Services			342,367

Other Local Welfare Services

Supervisor/Director	\$	40,415	
Clerical Personnel		47,665	
Temporary Personnel		4,894	
Overtime Pay		84	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services (Cont.)

Other Salaries and Wages	\$	17,530	
Social Security		6,827	
State Retirement		7,606	
Life Insurance		242	
Medical Insurance		8,890	
Dental Insurance		411	
Employer Medicare		1,597	
Advertising		404	
Communication		471	
Maintenance Agreements		1,620	
Postal Charges		88	
Printing, Stationery, and Forms		501	
Travel		2,102	
Tuition		60,392	
Office Supplies		3,283	
Other Supplies and Materials		136,652	
In Service/Staff Development		3,145	
Total Other Local Welfare Services			\$ 344,819

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

Assistant(s)	\$	37,086	
Secretary(ies)		28,251	
Part-time Personnel		10,358	
Other Salaries and Wages		43,180	
Social Security		7,129	
State Retirement		10,140	
Life Insurance		377	
Medical Insurance		15,711	
Dental Insurance		2,092	
Employer Medicare		1,668	
Communication		2,041	
Operating Lease Payments		1,708	
Maintenance and Repair Services - Vehicles		435	
Travel		989	
Other Contracted Services		4,714	

(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 (Cont.)

Custodial Supplies	\$	394	
Gasoline		1,280	
Office Supplies		1,492	
Utilities		14,308	
Other Supplies and Materials		610	
Workers' Compensation Insurance		3,129	
Office Equipment		3,279	
Total Senior Citizens Assistance			\$ 190,371

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	4,506	
Contracts with Government Agencies		124,005	
Other Contracted Services		1,522	
Office Supplies		745	
Other Supplies and Materials		536	
Office Equipment		2,153	
Total Agriculture Extension Service			133,467

Soil Conservation

Salary Supplements	\$	2,000	
Clerical Personnel		11,716	
Social Security		850	
Employer Medicare		199	
Communication		594	
Contributions		2,000	
Travel		511	
Total Soil Conservation			17,870

Flood Control

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

Storm Water Management

Permits	\$	3,460	
Total Storm Water Management			3,460

Other Operations

Tourism

Contributions	\$	104,453	
Total Tourism			104,453

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$ 148,429	
Dues and Memberships	12,727	
Total Industrial Development		\$ 161,156

Housing and Urban Development

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

Veterans' Services

Other Salaries and Wages	\$ 6,162	
Social Security	382	
Employer Medicare	89	
Communication	630	
Contributions	1,800	
Office Supplies	33	
Total Veterans' Services		9,096

Contributions to Other Agencies

Contributions	\$ 71,195	
Total Contributions to Other Agencies		71,195

Employee Benefits

Employee and Dependent Insurance	\$ 2,863	
Workers' Compensation Insurance	44,961	
Total Employee Benefits		47,824

ARRA Grant No. 2

Part-time Personnel	\$ 15,295	
Social Security	948	
Employer Medicare	222	
Total ARRA Grant No. 2		16,465

Miscellaneous

Contracts with Government Agencies	\$ 1,736	
Trustee's Commission	189,341	
Tax Relief Program	61,014	
Total Miscellaneous		252,091

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Principal on Debt

General Government

Principal on Other Loans	\$ 9,330	
Total General Government	<u>9,330</u>	\$ 9,330

Total General Fund

\$ 14,014,632

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$ 2,499	
Total Libraries	<u>2,499</u>	\$ 2,499

Other Operations

Miscellaneous

Trustee's Commission	\$ 60	
Total Miscellaneous	<u>60</u>	<u>60</u>

Total Law Library Fund

2,559

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Clerical Personnel	\$ 119,185
Temporary Personnel	3,858
Part-time Personnel	36,626
Overtime Pay	117
Social Security	9,740
State Retirement	11,141
Life Insurance	419
Medical Insurance	26,092
Dental Insurance	2,092
Employer Medicare	2,278
Advertising	31
Communication	4,498
Contributions	5,000
Dues and Memberships	33
Janitorial Services	1,290
Operating Lease Payments	238
Licenses	485
Maintenance Agreements	237
Maintenance and Repair Services - Office Equipment	611

(Continued)

Exhibit K-8

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Postal Charges	\$	1,466	
Printing, Stationery, and Forms		110	
Other Contracted Services		100	
Custodial Supplies		47	
Electricity		3,055	
Food Supplies		113	
Instructional Supplies and Materials		448	
Library Books/Media		16,060	
Office Supplies		3,725	
Periodicals		798	
Other Supplies and Materials		1,749	
Premiums on Corporate Surety Bonds		50	
Workers' Compensation Insurance		3,912	
In Service/Staff Development		1,435	
Furniture and Fixtures		1,013	
Office Equipment		1,173	
Total Libraries			\$ 259,225

Other Operations

Miscellaneous

Trustee's Commission	\$	94	
Total Miscellaneous			94

Total Public Library Fund \$ 259,319

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Guards	\$	9,594	
Part-time Personnel		1,607	
Social Security		695	
State Retirement		899	
Life Insurance		36	
Medical Insurance		3,285	
Dental Insurance		285	
Employer Medicare		162	
Maintenance and Repair Services - Vehicles		1,519	
Other Contracted Services		6,155	
Diesel Fuel		5,004	
Other Supplies and Materials		1,946	
Total Sanitation Education/Information			\$ 31,187

(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

Assistant(s)	\$	23,908	
Foremen		76,444	
Attendants		61,712	
Part-time Personnel		88,617	
Overtime Pay		2,339	
Social Security		15,301	
State Retirement		13,036	
Life Insurance		417	
Medical Insurance		42,571	
Dental Insurance		2,721	
Employer Medicare		3,578	
Communication		4,017	
Dues and Memberships		119	
Legal Notices, Recording, and Court Costs		18	
Maintenance and Repair Services - Equipment		5,388	
Maintenance and Repair Services - Vehicles		1,049	
Pest Control		324	
Rentals		10,909	
Travel		858	
Disposal Fees		110,014	
Other Contracted Services		37,501	
Custodial Supplies		3,118	
Fuel Oil		100	
Gasoline		2,695	
Office Supplies		348	
Propane Gas		1,807	
Uniforms		3,778	
Utilities		9,496	
Other Supplies and Materials		2,683	
Workers' Compensation Insurance		4,694	
Motor Vehicles		29,509	
Office Equipment		297	
Solid Waste Equipment		17,346	
Total Convenience Centers			\$ 576,712

Other Operations

Miscellaneous

Trustee's Commission	\$	7,440	
Total Miscellaneous			7,440

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Principal on Debt

General Government

Principal on Capital Leases	\$ 20,250	
Total General Government		\$ 20,250

Total Solid Waste/Sanitation Fund		\$ 635,589
-----------------------------------	--	------------

Industrial/Economic Development Fund

Other Operations

Industrial Development

Other Contracted Services	\$ 3,471	
Total Industrial Development		\$ 3,471

Miscellaneous

Trustee's Commission	\$ 216	
Total Miscellaneous		216

Total Industrial/Economic Development Fund		3,687
--------------------------------------------	--	-------

Drug Control Fund

Public Health and Welfare

Alcohol and Drug Programs

Salary Supplements	\$ 20,000	
Other Contracted Services	29,836	
Law Enforcement Supplies	12,614	
Other Supplies and Materials	12,708	
Trustee's Commission	649	
In Service/Staff Development	6,941	
Other Charges	7,500	
Law Enforcement Equipment	81,453	
Motor Vehicles	23,221	
Total Alcohol and Drug Programs		\$ 194,922

Total Drug Control Fund		194,922
-------------------------	--	---------

Other Special Revenue Fund

Public Safety

Sheriff's Department

Law Enforcement Supplies	\$ 5,531	
Other Supplies and Materials	21,775	
In Service/Staff Development	3,593	
Law Enforcement Equipment	5,484	

(Continued)

Exhibit K-8

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

Other Special Revenue Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Motor Vehicles	\$ 4,800	
Total Sheriff's Department		\$ 41,183

Total Other Special Revenue Fund \$ 41,183

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 75,265	
Assistant(s)	50,960	
Foremen	37,003	
Mechanic(s)	53,842	
Equipment Operators	111,203	
Truck Drivers	236,371	
Clerical Personnel	28,272	
Temporary Personnel	29,641	
Overtime Pay	19,110	
Dues and Memberships	3,610	
Postal Charges	224	
Office Supplies	1,401	
Total Administration		\$ 646,902

Highway and Bridge Maintenance

Rentals	\$ 1,182	
Asphalt - Cold Mix	3,525	
Asphalt - Hot Mix	861,293	
Concrete	857	
Crushed Stone	28,503	
Pipe	10,048	
Road Signs	8,347	
Salt	6,304	
Sand	818	
Chemicals	5,455	
Other Supplies and Materials	14,558	
Total Highway and Bridge Maintenance		940,890

Operation and Maintenance of Equipment

Maintenance and Repair Services - Vehicles	\$ 21,583	
Tow-in Services	688	
Disposal Fees	6,957	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Diesel Fuel	\$	51,402	
Equipment Parts - Heavy		6,839	
Equipment Parts - Light		58,369	
Gasoline		23,958	
Lubricants		3,492	
Tires and Tubes		10,443	
Other Supplies and Materials		5,594	
Other Charges		458	
Total Operation and Maintenance of Equipment			\$ 189,783

Other Charges

Communication	\$	9,673	
Pest Control		372	
Other Contracted Services		6,466	
Custodial Supplies		609	
Drugs and Medical Supplies		255	
Electricity		6,741	
Garage Supplies		3,836	
Ice		140	
Uniforms		10,218	
Liability Insurance		75,709	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		29,089	
Other Charges		52	
Total Other Charges			143,510

Employee Benefits

Social Security	\$	38,456	
State Retirement		57,191	
Life Insurance		1,401	
Medical Insurance		164,227	
Dental Insurance		10,042	
Unemployment Compensation		2,279	
Employer Medicare		8,994	
Workers' Compensation Insurance		45,775	
Total Employee Benefits			328,365

Capital Outlay

Matching Share	\$	35,506	
Highway Equipment		21,980	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

State Aid Projects	\$ 106,518	
Total Capital Outlay		\$ 164,004

Total Highway/Public Works Fund		\$ 2,413,454
---------------------------------	--	--------------

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 285,000	
Principal on Other Loans	500,000	
Total General Government		\$ 785,000

Highways and Streets

Principal on Notes	\$ 69,615	
Total Highways and Streets		69,615

Interest on Debt

General Government

Interest on Bonds	\$ 177,450	
Interest on Other Loans	48,629	
Total General Government		226,079

Highways and Streets

Interest on Notes	\$ 4,086	
Total Highways and Streets		4,086

Other Debt Service

General Government

Trustee's Commission	\$ 23,127	
Other Debt Service	100,977	
Total General Government		124,104

Total General Debt Service Fund		1,208,884
---------------------------------	--	-----------

Education Debt Service Fund

Principal on Debt

Education

Principal on Notes	\$ 1,686,122	
Principal on Other Loans	401,534	
Total Education		\$ 2,087,656

(Continued)

Exhibit K-8

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

Education Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Notes	\$ 97,066	
Interest on Other Loans	422,896	
Total Education		\$ 519,962

Other Debt Service

Education

Trustee's Commission	\$ 61,441	
Other Debt Service	255	
Total Education		61,696

Total Education Debt Service Fund \$ 2,669,314

General Capital Projects Fund

Other Operations

Miscellaneous

Trustee's Commission	\$ 5,135	
Total Miscellaneous		\$ 5,135

Other Debt Service

Education

Other Debt Issuance Charges	\$ 3,000	
Total Education		3,000

Capital Projects

General Administration Projects

Other Contracted Services	\$ 115,362	
Total General Administration Projects		115,362

Public Safety Projects

Other Contracted Services	\$ 73,923	
Total Public Safety Projects		73,923

Education Capital Projects

Contributions	\$ 2,809,627	
Total Education Capital Projects		2,809,627

Total General Capital Projects Fund 3,007,047

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Other Contracted Services	\$ 561	
Trustee's Commission	5,681	
Total Highway and Street Capital Projects		\$ 6,242

Total Highway Capital Projects Fund 6,242

Total Governmental Funds - Primary Government \$ 24,456,832

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,367,237	
Career Ladder Program	122,345	
Career Ladder Extended Contracts	78,000	
Homebound Teachers	16,994	
Educational Assistants	1,057,441	
Certified Substitute Teachers	36,771	
Non-certified Substitute Teachers	163,644	
Social Security	828,235	
State Retirement	885,280	
Life Insurance	76,939	
Medical Insurance	2,293,709	
Dental Insurance	129,941	
Unemployment Compensation	39,050	
Employer Medicare	193,932	
Postal Charges	5,243	
Other Contracted Services	52,276	
Instructional Supplies and Materials	471,235	
Textbooks	426,560	
Other Supplies and Materials	6,780	
Furniture and Fixtures	6,801	
Total Regular Instruction Program		\$ 19,258,413

Special Education Program

Teachers	\$ 1,204,842
Career Ladder Program	10,935
Career Ladder Extended Contracts	3,000
Homebound Teachers	24,050
Educational Assistants	206,733
Speech Pathologist	37,360
Certified Substitute Teachers	4,350
Non-certified Substitute Teachers	26,138
Social Security	90,941
State Retirement	101,470
Life Insurance	8,015
Medical Insurance	254,323
Dental Insurance	12,631
Employer Medicare	21,269
Other Contracted Services	178,819
Instructional Supplies and Materials	36,464

(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	\$ 34,624	
Total Special Education Program		\$ 2,255,964

Vocational Education Program

Teachers	\$ 745,848	
Career Ladder Program	10,000	
Career Ladder Extended Contracts	2,000	
Educational Assistants	34,019	
Certified Substitute Teachers	960	
Non-certified Substitute Teachers	8,696	
Social Security	47,836	
State Retirement	51,831	
Life Insurance	3,453	
Medical Insurance	126,140	
Dental Insurance	5,919	
Employer Medicare	11,197	
Maintenance and Repair Services - Equipment	4,053	
Instructional Supplies and Materials	119,185	
Total Vocational Education Program		1,171,137

Support Services

Health Services

Medical Personnel	\$ 141,733	
Social Security	8,351	
State Retirement	12,688	
Life Insurance	1,159	
Medical Insurance	36,938	
Dental Insurance	1,460	
Employer Medicare	1,953	
Other Contracted Services	997	
Drugs and Medical Supplies	5,508	
In Service/Staff Development	980	
Total Health Services		211,767

Other Student Support

Career Ladder Program	\$ 6,000	
Guidance Personnel	610,595	
Career Ladder Extended Contracts	4,000	
Clerical Personnel	115,087	

(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.)

Social Security	\$	45,103	
State Retirement		50,592	
Life Insurance		3,092	
Medical Insurance		85,542	
Dental Insurance		4,998	
Employer Medicare		10,548	
Communication		3,836	
Contracts with Government Agencies		53,740	
Evaluation and Testing		17,854	
Other Charges		112,570	
Total Other Student Support			\$ 1,123,557

Regular Instruction Program

Supervisor/Director	\$	167,162	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		5,000	
Librarians		390,307	
Secretary(ies)		253,820	
Social Security		49,627	
State Retirement		60,395	
Life Insurance		3,858	
Medical Insurance		115,286	
Dental Insurance		6,566	
Employer Medicare		11,606	
Travel		8,383	
Other Contracted Services		29,500	
Library Books/Media		60,108	
Other Supplies and Materials		770	
In Service/Staff Development		35,379	
Total Regular Instruction Program			1,206,767

Special Education Program

Supervisor/Director	\$	72,461
Career Ladder Program		4,000
Psychological Personnel		189,494
Career Ladder Extended Contracts		4,000
Speech Pathologist		44,582
Social Security		19,177
State Retirement		20,193

(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.)

Life Insurance	\$	1,098	
Medical Insurance		36,939	
Dental Insurance		1,893	
Employer Medicare		4,485	
Postal Charges		37	
Travel		6,893	
Total Special Education Program			\$ 405,252

Vocational Education Program

Clerical Personnel	\$	62,114	
Other Salaries and Wages		48,962	
Social Security		6,826	
State Retirement		8,945	
Life Insurance		732	
Medical Insurance		24,695	
Dental Insurance		1,081	
Employer Medicare		1,631	
Travel		3,232	
In Service/Staff Development		1,000	
Total Vocational Education Program			159,218

Other Programs

On-Behalf Payments to OPEB	\$	160,008	
Total Other Programs			160,008

Board of Education

Board and Committee Members Fees	\$	36,240	
Social Security		2,247	
State Retirement		1,349	
Life Insurance		856	
Dental Insurance		1,081	
Employer Medicare		525	
Audit Services		19,000	
Dues and Memberships		5,590	
Legal Services		16,281	
Liability Insurance		22,217	
Refunds		6,120	
Trustee's Commission		266,310	
Workers' Compensation Insurance		142,064	
Total Board of Education			519,880

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	112,000	
Career Ladder Program		1,000	
Secretary(ies)		39,360	
Social Security		9,062	
State Retirement		10,931	
Life Insurance		1,383	
Medical Insurance		19,299	
Dental Insurance		1,148	
Employer Medicare		2,209	
Communication		31,584	
Dues and Memberships		12,296	
Postal Charges		5,828	
Travel		34,243	
Other Contracted Services		24,199	
Office Supplies		7,010	
Periodicals		1,050	
Total Director of Schools			\$ 312,602

Office of the Principal

Principals	\$	557,679	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		6,500	
Social Security		34,114	
State Retirement		36,798	
Life Insurance		1,616	
Medical Insurance		80,119	
Dental Insurance		3,568	
Employer Medicare		7,979	
Communication		51,618	
Total Office of the Principal			788,991

Fiscal Services

Accountants/Bookkeepers	\$	43,244	
Social Security		2,681	
State Retirement		4,039	
Life Insurance		198	
Medical Insurance		6,116	
Dental Insurance		336	
Employer Medicare		627	
Total Fiscal Services			57,241

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	79,645	
Social Security		3,992	
State Retirement		7,387	
Life Insurance		329	
Medical Insurance		20,332	
Dental Insurance		1,207	
Employer Medicare		962	
Other Contracted Services		1,014,532	
Electricity		748,635	
Natural Gas		119,860	
Water and Sewer		65,745	
Building and Contents Insurance		202,809	
Total Operation of Plant			\$ 2,265,435

Maintenance of Plant

Maintenance and Repair Services - Buildings	\$	199,959	
Other Equipment		11,154	
Total Maintenance of Plant			211,113

Transportation

Supervisor/Director	\$	42,131	
Social Security		2,596	
State Retirement		3,935	
Life Insurance		168	
Medical Insurance		7,966	
Dental Insurance		287	
Employer Medicare		607	
Contracts with Other School Systems		2,358	
Contracts with Parents		16,323	
Contracts with Vehicle Owners		1,416,211	
Maintenance and Repair Services - Equipment		80	
Other Charges		28,275	
Total Transportation			1,520,937

Central and Other

Supervisor/Director	\$	55,922	
Instructional Computer Personnel		143,296	
Social Security		11,751	
State Retirement		16,974	

(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.)

Central and Other (Cont.)

Life Insurance	\$	915	
Medical Insurance		39,381	
Dental Insurance		1,845	
Employer Medicare		2,748	
Maintenance and Repair Services - Buildings		556	
Maintenance and Repair Services - Equipment		179,592	
Travel		8,842	
Other Contracted Services		11,452	
Other Supplies and Materials		3,185	
Vehicle and Equipment Insurance		2,916	
Data Processing Equipment		138,392	
Other Equipment		58,055	
Total Central and Other			\$ 675,822

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	63,179	
Clerical Personnel		28,004	
Cafeteria Personnel		813,687	
Social Security		52,804	
State Retirement		67,291	
Life Insurance		3,621	
Medical Insurance		85,396	
Dental Insurance		7,422	
Employer Medicare		12,349	
Maintenance Agreements		8,464	
Payments to Schools - Breakfast		383,521	
Payments to Schools - Lunch		1,023,199	
Payments to Schools - Other		3,830	
Travel		900	
Other Contracted Services		2,691	
Food Supplies		110,445	
In Service/Staff Development		1,083	
Other Charges		7,572	
Food Service Equipment		16,500	
Total Food Service			2,691,958

Community Services

Supervisor/Director	\$	160,579	
---------------------	----	---------	--

(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.)

Community Services (Cont.)

Clerical Personnel	\$	27,522	
Educational Assistants		51,763	
Part-time Personnel		7,600	
Other Salaries and Wages		74,535	
Social Security		19,701	
State Retirement		20,389	
Life Insurance		952	
Medical Insurance		37,347	
Dental Insurance		1,725	
Employer Medicare		4,593	
Communication		1,348	
Travel		7,165	
Other Contracted Services		7,370	
Food Supplies		2,048	
Instructional Supplies and Materials		3,966	
Other Supplies and Materials		31,959	
In Service/Staff Development		2,210	
Office Equipment		672	
Other Equipment		95,000	
Total Community Services			\$ 558,444

Early Childhood Education

Teachers	\$	310,106	
Educational Assistants		233,321	
Certified Substitute Teachers		1,350	
Non-certified Substitute Teachers		17,120	
Social Security		33,670	
State Retirement		41,701	
Life Insurance		4,362	
Medical Insurance		119,537	
Dental Insurance		5,775	
Employer Medicare		7,875	
Contracts with Other School Systems		81,159	
Other Supplies and Materials		11,282	
In Service/Staff Development		660	
Other Charges		50	
Total Early Childhood Education			867,968

(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	\$ 282,960	
Total Education		\$ 282,960

Total General Purpose School Fund \$ 36,705,434

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 407,849	
Educational Assistants	29,358	
Other Salaries and Wages	76,500	
Certified Substitute Teachers	3,270	
Non-certified Substitute Teachers	17,366	
Social Security	32,709	
State Retirement	33,837	
Life Insurance	1,754	
Medical Insurance	42,093	
Dental Insurance	2,974	
Employer Medicare	7,650	
Other Contracted Services	5,260	
Instructional Supplies and Materials	39,623	
Other Supplies and Materials	6,549	
Other Charges	1,216	
Regular Instruction Equipment	64,649	
Total Regular Instruction Program		\$ 772,657

Special Education Program

Teachers	\$ 27,730	
Educational Assistants	446,083	
Other Salaries and Wages	105,450	
Certified Substitute Teachers	540	
Non-certified Substitute Teachers	9,920	
Social Security	35,764	
State Retirement	50,423	
Life Insurance	5,383	
Medical Insurance	160,361	
Dental Insurance	8,302	
Employer Medicare	8,364	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$ 159,739	
Instructional Supplies and Materials	163,584	
Special Education Equipment	87,313	
Total Special Education Program		\$ 1,268,956

Vocational Education Program

Instructional Supplies and Materials	\$ 5,400	
Vocational Instruction Equipment	137,206	
Total Vocational Education Program		142,606

Support Services

Other Student Support

Postal Charges	\$ 1,301	
Travel	11,856	
Other Contracted Services	9,968	
In Service/Staff Development	8,998	
Total Other Student Support		32,123

Regular Instruction Program

Supervisor/Director	\$ 48,308	
Secretary(ies)	10,639	
Social Security	3,655	
State Retirement	4,095	
Employer Medicare	855	
Travel	7,560	
Other Contracted Services	30	
Other Supplies and Materials	1,062	
In Service/Staff Development	26,963	
Other Charges	4,239	
Other Equipment	13,790	
Total Regular Instruction Program		121,196

Special Education Program

Secretary(ies)	\$ 35,462	
Other Salaries and Wages	4,000	
Social Security	2,426	
State Retirement	3,569	
Life Insurance	183	
Medical Insurance	5,504	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	312	
Employer Medicare		567	
Travel		8,170	
In Service/Staff Development		51,500	
Total Special Education Program			\$ 111,693

Vocational Education Program

Travel	\$	2,000	
In Service/Staff Development		1,499	
Total Vocational Education Program			3,499

Transportation

Contracts with Parents	\$	17,297	
Other Contracted Services		16,436	
Total Transportation			<u>33,733</u>

Total School Federal Projects Fund \$ 2,486,463

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	1,506,868	
Engineering Services		8,660	
Maintenance and Repair Services - Buildings		80,848	
Other Contracted Services		155,635	
Building Improvements		835,147	
Heating and Air Conditioning Equipment		90,032	
Other Equipment		34,447	
Total Education Capital Projects			<u>\$ 2,711,637</u>

Total Education Capital Projects Fund 2,711,637

Total Governmental Funds - Loudon County School Department \$ 41,903,534

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, 2010

	Cities - Sales Tax Fund	City School ADA - Lenoir City Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 4,217,149	\$ 4,217,149
Trustee's Collections - Prior Years	0	89,774	89,774
Trustee's Collections - Bankruptcy	0	1,503	1,503
Circuit/Clerk and Master Collections - Prior Years	0	50,017	50,017
Interest and Penalty	0	18,656	18,656
Local Option Sales Tax	3,340,826	1,324,429	4,665,255
Adequate Facilities/Development Tax	0	76,296	76,296
Bank Excise Tax	0	11,831	11,831
Interstate Telecommunications Tax	0	1,817	1,817
Mixed Drink Tax	0	716	716
Total Cash Receipts	<u>\$ 3,340,826</u>	<u>\$ 5,792,188</u>	<u>\$ 9,133,014</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,307,418	\$ 5,709,166	\$ 9,016,584
Trustee's Commission	33,408	100,175	133,583
Total Cash Disbursements	<u>\$ 3,340,826</u>	<u>\$ 5,809,341</u>	<u>\$ 9,150,167</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ (17,153)	\$ (17,153)
Cash Balance, July 1, 2009	0	175,409	175,409
Cash Balance, June 30, 2010	<u>\$ 0</u>	<u>\$ 158,256</u>	<u>\$ 158,256</u>

SINGLE AUDIT SECTION



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, 2011

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, 2010, which collectively comprise Loudon County's basic financial statements and have issued our report thereon dated January 26, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Loudon County Emergency Communications District as described in our report on Loudon County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting: 10.01. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

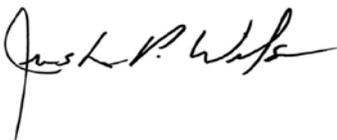
As part of obtaining reasonable assurance about whether Loudon County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

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

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, director of accounts and budgets, County Commission and 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, 2011

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, 2010. 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, 2010.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Loudon County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over compliance of the ARRA – Child Nutrition Discretionary Grant Limited Availability, a nonmajor federal program, that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as items 10.01 and 10.02. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

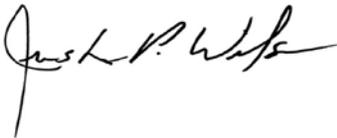
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loudon County as of and for the year ended June 30, 2010, and have issued our report thereon dated January 26, 2011. Our audit was performed for the purpose of

forming our opinions on the financial statements that collectively comprise Loudon County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a long, sweeping underline.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Loudon County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

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	\$ 110,445 (3)
Passed-through State Department of Education:			
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	16,500
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	383,521
National School Lunch Program	10.555	N/A	1,027,435 (3)
Total U.S. Department of Agriculture			<u>\$ 1,537,901</u>
U.S. Department of Justice:			
Direct Program:			
Recovery Act - Edward Bryne Memorial Justice Assistance Grants			
Program/Grants to States and Territories	16.803	N/A	\$ 16,465
Passed-through State Office of Criminal Justice Programs:			
Federal Asset Forfeiture Program	16.XXX	(2)	41,183
Total U.S. Department of Justice			<u>\$ 57,648</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 579,715
Title I Grants to Local Educational Agencies, Recovery Act	84.389	(2)	97,542
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	970,908
Special Education - Grants to States, Recovery Act	84.391	(2)	535,180
Special Education - Preschool Grants	84.173	(2)	13,436
Special Education - Preschool Grants, Recovery Act	84.392	(2)	17,803
Career and Technical Education - Basic Grants to States	84.048	(2)	163,636
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	21,838
Funds for the Improvement of Education	84.215	(2)	220,411
Education Technology Cluster:			
Education Technology State Grants	84.318	N/A	6,299
Education Technology State Grants, Recovery Act	84.386	N/A	15,491
English Language Acquisition Grants	84.365	N/A	30,998
Improving Teacher Quality State Grants	84.367	N/A	170,752
School Improvement Grants	84.377	(2)	16,737
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	308
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	926,500
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	340,243
Total U.S. Department of Education			<u>\$ 4,127,797</u>

(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 Health and Human Services:			
Passed-through East Tennessee Human Resource Agency, Inc.:			
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043	(2)	\$ 750
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	(2)	<u>41,978</u>
Total U.S. Department of Health and Human Services			<u>\$ 42,728</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
Emergency Management Performance Grants	97.042	GG-10-30673-00	\$ 14,120 (4)
Emergency Management Performance Grants	97.042	(2)	33,500 (4)
Homeland Security Grant Program	97.067	GG-08-25245-00	<u>114,631</u>
Total U.S. Department of Homeland Security			<u>\$ 162,251</u>
Total Expenditures of Federal Awards			<u>\$ 5,928,325</u>
<u>State Grants</u>			
Juvenile Services Program - State Children's Services Commission	N/A	(2)	\$ 10,700
Aging Program - State Office on Aging	N/A	(2)	10,054
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	16,346
Law Enforcement Training	N/A	(2)	23,400
Health Department Grants - State Department of Health	N/A	(2)	320,834
Litter Program - State Department of Transportation	N/A	(2)	43,454
Public Works - State Department of Transportation	N/A	(2)	206,633
State Industrial Access Grant - State Department of Transportation	N/A	(2)	5,000
Early Childhood Development Pilot/State - State Department of Education	N/A	(2)	379,834
Internet Connectivity Grant - Department of Education	N/A	(2)	3,441
Leaps - State Department of Education	N/A	(2)	<u>127,274</u>
Total State Grants			<u>\$ 1,146,970</u>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$1,137,880.

(4) Total for CFDA No. 97.042 is \$47,620.

Loudon County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There were no findings from the Annual Financial Report for Loudon County, Tennessee, for the year ended June 30, 2009, to be corrected.

LOUDON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Loudon County is unqualified.
2. The audit of the financial statements of Loudon County disclosed one significant deficiency in internal control. That deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Loudon County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Title 1 Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) 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, FINDING RELATING TO THE FINANCIAL STATEMENTS

A finding and recommendation, as a result of our examination, is presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response. The director of schools provided a written response to the finding, which is paraphrased in this report.

OFFICE OF DIRECTOR OF SCHOOLS AND THE PURCHASING DEPARTMENT

FINDING 10.01 **AMERICAN RECOVERY AND REINVESTMENT ACT GRANT FUNDS WERE USED TO PURCHASE AN OVEN BASED ON AN EXPIRED BID**

(Internal Control – Significant Deficiency Under Government Auditing Standards and OMB Circular A-133)

Loudon County utilized an expired bid to purchase a combi-oven. Loudon County piggy-backed off of a bid solicited by the Metropolitan Government of Nashville and Davidson County (Metro) in May 2006; however, according to Metro, the bid lapsed December 31, 2006. The oven was purchased on October 26, 2009, with American Recovery and Reinvestment Act funds under a Child Nutrition Discretionary Grant, CFDA Number 10.579, for \$15,929. County personnel failed to confirm the validity of the bid prior to purchasing the equipment, which indicates a significant deficiency in internal controls. In effect, this internal control deficiency allowed the purchase of the equipment without accepting a valid bid and created a situation that could result in the United States Department of Agriculture requesting repayment for the purchase price of the equipment. Section 5-14-108, Tennessee Code Annotated, requires competitive bids for purchases over \$10,000. It was not possible to determine the amount, if any, that the actual purchase price exceeded (or was less than) the amount that would have been paid had current bids been accepted.

RECOMMENDATION

Grant administrators should not piggy-back off of bids solicited by other governments without confirming the validity of the bid. Grant administrators should contact the Tennessee Department of Education School Nutrition Program to determine whether further action is required.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Grant administrators will not piggy-back off of bids solicited by other governmental agencies without confirming the validity of the bid.

BEST PRACTICE

AN AUDIT COMMITTEE HAS NOT BEEN ESTABLISHED

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

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Agriculture: Passed-through State Department of Education: ARRA - Child Nutrition Discretionary Grants Limited Availability	10.02	10.579	<u>Circular A-133,</u> <u>Compliance Supplement,</u> <u>Part 3B.</u>	Significant deficiency in Internal Control - See Finding 10.01 - Child Nutrition Discretionary Grants funds were used to purchase an oven based on an expired bid	\$ 15,929

**LOUDON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2010**

There were no audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

Office of Director of Schools and the Purchasing Department – Corrective Action Plan for Current-Year's Findings

FINDINGS 10.01 and 10.02

Contact person:	Wayne Honeycutt, Director of Schools
Corrective action planned:	Grant administrators will not piggy-back off of bids solicited by other governmental agencies or governments without confirming the validity of the bid.
Anticipated completion date:	Effective immediately.