
ANNUAL FINANCIAL REPORT LOUDON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



ANNUAL FINANCIAL REPORT
LOUDON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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State Auditors

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

LOUDON COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Loudon County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Loudon County as of and for the year ended June 30, 2012.

Results

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

Our audit resulted in two findings and recommendations, which we have reviewed with Loudon County management. Details of the findings and recommendations are included in the Single Audit section of this report.

Findings

The following is a summary of the audit findings:

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ Expenditures exceeded appropriations.

OFFICE OF SHERIFF

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Loudon County Officials

June 30, 2012

Officials

Estelle Herron, County Mayor
Eddie Simpson, Highway Superintendent
Jason Vance, Director of Schools
George Miller, Trustee
Michael Campbell, Assessor of Property
Darlene Russell, 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
Harold Duff
Bob Franke
Stephen Harrelson
Brian Jenkins

Earlena Maples
David Meers
Don Miller
Austin Shaver
Sharon Yarbrough

Board of Education

Scott Newman, Chairman
William Jenkins, Vice Chairman
Thomas Best
Bobby Johnson, Jr.
Bill Marcus

Van Shaver
Craig Simon
Lisa Russell
Leroy Tate
Gary Ubben

Audit Committee

David Meers, Chairman
Harold Duff
Steve Harrelson
Charlie Bettis

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

January 18, 2013

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, 2012, 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 3.9 percent and 2.4 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, 2012, and the respective changes in financial position 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 18, 2013, 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.

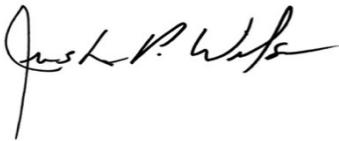
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 73 through 81 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 financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the major debt service and 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 financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the major debt service and capital projects funds, combining and individual fund financial statements of the Loudon County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Loudon County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Government Governmental Activities	Component Units	
		Loudon County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 11,409	\$ 76,755	\$ 482,896
Equity in Pooled Cash and Investments	27,153,259	9,532,444	0
Deferred Outflow - Interest Rate Swap	1,472,772	0	0
Accounts Receivable	70,882	4,387	40,510
Due from Other Governments	2,103,142	1,048,701	0
Property Taxes Receivable	15,672,530	10,849,661	0
Allowance for Uncollectible Property Taxes	(773,239)	(535,490)	0
Prepaid Items	724,015	482,449	32,564
Other Current Assets	40,438	0	0
Unamortized Debt Issuance Cost	281,208	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	5,915,130	3,946,406	0
Construction in Progress	111,800	6,644,181	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	11,543,800	28,646,805	1,518,557
Other Capital Assets	1,918,935	687,662	400,342
Infrastructure - Roads, Streets, and Bridges	27,192,405	0	0
Total Assets	<u>\$ 93,438,486</u>	<u>\$ 61,383,961</u>	<u>\$ 2,474,869</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 152,109	\$ 92,086	\$ 3,774
Accrued Payroll	272,465	1,508	18,667
Accrued Interest Payable	61,599	0	0
Payroll Deductions Payable	3,309	360,321	0
Contracts Payable	0	1,772,254	0
Retainage Payable	50,484	189,106	0
Derivative - Interest Rate Swap	1,472,772	0	0
Due to State of Tennessee	18,718	0	0
Due to Litigants, Heirs, and Others	13,193	0	0
Other Current Liabilities	32,866	24,459	10,405
Deferred Revenue - Property Taxes	14,688,058	10,146,831	0
Noncurrent Liabilities:			
Due Within One Year	2,431,968	0	42,211
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	32,384,695	680,595	1,148,594
Total Liabilities	<u>\$ 51,582,236</u>	<u>\$ 13,267,160</u>	<u>\$ 1,223,651</u>

(Continued)

Exhibit A

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

	Primary Government	Component Units	
		Loudon County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 38,362,906	\$ 0	\$ 728,094
Invested in Capital Assets	0	39,925,054	0
Restricted for:			
General Government	8,045	0	0
Administration of Justice	441,939	0	0
Public Safety	176,245	0	0
Finance	5,766	0	0
Highways	1,413,726	0	0
Education	0	1,302,814	0
Debt Service	2,675,581	0	0
Capital Projects	2,497,429	0	0
Capital Projects - Education	6,524,386	45,803	0
Social, Cultural, and Recreational	165,690	0	0
Other Purposes	0	0	27,986
Unrestricted	<u>(10,415,463)</u>	<u>6,843,130</u>	<u>495,138</u>
Total Net Assets	<u>\$ 41,856,250</u>	<u>\$ 48,116,801</u>	<u>\$ 1,251,218</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, 2012

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	\$ 3,089,343	\$ 741,413	\$ 79,235	\$ 0	\$ (2,268,695)	\$ 0	\$ 0
Finance	1,928,437	1,232,943	0	0	(695,494)	0	0
Administration of Justice	1,759,763	1,183,765	10,600	0	(565,398)	0	0
Public Safety	6,889,957	189,267	293,413	4,973	(6,402,304)	0	0
Public Health and Welfare	1,504,751	194,529	483,119	11,385	(815,718)	0	0
Social, Cultural, and Recreational Services	505,945	4,230	10,079	0	(491,636)	0	0
Agriculture and Natural Resources	158,572	0	0	0	(158,572)	0	0
Other Operations	681,719	0	0	0	(681,719)	0	0
Highways	3,708,649	12,525	1,725,307	544,423	(1,426,394)	0	0
Education	3,333,925	0	0	0	(3,333,925)	0	0
Interest on Long-term Debt	991,071	0	0	0	(991,071)	0	0
Other Debt Service	480,966	0	350,860	0	(130,106)	0	0
Total Primary Government	\$ 25,033,098	\$ 3,558,672	\$ 2,952,613	\$ 560,781	\$ (17,961,032)	\$ 0	\$ 0
Component Units:							
Loudon County School Department	\$ 41,051,856	\$ 1,172,921	\$ 5,877,816	\$ 3,396,765	0	\$ (30,604,354)	\$ 0
Emergency Communications District	1,110,275	536,053	0	578,957	0	0	4,735
Total Component Units	\$ 42,162,131	\$ 1,708,974	\$ 5,877,816	\$ 3,975,722	\$ 0	\$ (30,604,354)	\$ 4,735

(Continued)

Exhibit B

Loudon County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government		Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Loudon County School Department	Emergency Communica- tions District	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 7,568,674	\$ 10,544,317	\$ 0	
Property Taxes Levied for Public Library				260,595	0	0	
Property Taxes Levied for Solid Waste/Sanitation				5,261	0	0	
Property Taxes Levied for Highway/Public Works				531,343	0	0	
Property Taxes Levied for General Debt Service				1,174,997	0	0	
Property Taxes Levied for Education Debt Service				5,140,427	0	0	
Property Taxes Levied for Capital Projects				267,471	0	0	
Property Taxes Levied for Highway Capital Projects				303,974	0	0	
Sales Taxes				928,101	3,289,842	0	
Hotel/Motel Tax				391,428	0	0	
Business Tax				465,868	0	0	
Litigation Tax				266,709	0	0	
Adequate Facilities/Development Tax				46,504	531,752	0	
Other Local Taxes				0	3,424	0	
Grants and Contributions Not Restricted to Specific Programs				976,187	21,300,138	0	
Unrestricted Investment Income				85,904	12,706	0	
Miscellaneous				134,507	53,510	0	
Revenue from Joint Ventures				31,950	0	0	
Total General Revenues				\$ 18,579,900	\$ 35,735,689	\$ 0	
Change in Net Assets				\$ 618,868	\$ 5,131,335	\$ 4,735	
Net Assets, July 1, 2011				40,986,249	42,985,466	1,246,483	
Prior-period Adjustment				251,133	0	0	
Net Assets, June 30, 2012				\$ 41,856,250	\$ 48,116,801	\$ 1,251,218	

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, 2012

	Major Funds					Nonmajor Funds		Total Governmental Funds
	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds		
Cash	\$ 1,394	\$ 8,115	\$ 0	\$ 0	\$ 0	\$ 1,900	\$ 11,409	
Equity in Pooled Cash and Investments	5,699,905	887,307	2,709,956	8,798,325	1,502,066	27,153,259		
Accounts Receivable	65,817	0	0	0	5,065	70,882		
Due from Other Governments	1,506,443	468,318	0	0	128,381	2,103,142		
Due from Other Funds	15,858	0	0	23,812	650	40,320		
Property Taxes Receivable	7,847,377	545,063	1,180,971	5,410,799	590,486	15,672,530		
Allowance for Uncollectible Property Taxes	(384,836)	(27,019)	(58,542)	(264,551)	(9,020)	(773,239)		
Prepaid Items	569,711	143,664	0	0	10,640	724,015		
Other Current Assets	28,516	3,429	0	0	8,493	40,438		
Total Assets	\$ 15,350,185	\$ 2,028,877	\$ 3,832,385	\$ 12,701,948	\$ 8,910,951	\$ 2,218,410	\$ 45,042,756	

ASSETS

LIABILITIES AND FUND BALANCES

	Liabilities	Accounts Payable	Accrued Payroll	Payroll Deductions Payable	Retainage Payable	Due to Other Funds	Due to State of Tennessee	Due to Litigants, Heirs, and Others	Other Current Liabilities	Deferred Revenue - Current Property Taxes	Deferred Revenue - Delinquent Property Taxes	Other Deferred Revenues	Total Liabilities
	\$ 110,327	\$ 22,436	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,346	\$ 152,109	\$ 152,109	
	229,791	26,643	0	0	0	0	0	0	0	16,031	272,465	272,465	
	3,309	0	0	0	0	0	0	0	0	0	3,309	3,309	
	0	0	0	0	0	50,484	0	0	0	0	50,484	50,484	
	595	6,452	0	23,812	0	9,461	0	0	0	0	40,320	40,320	
	18,718	0	0	0	0	0	0	0	0	0	18,718	18,718	
	0	0	0	0	0	0	0	0	0	13,193	13,193	13,193	
	32,089	777	0	0	0	0	0	0	0	0	32,866	32,866	
	7,358,105	510,625	1,106,354	5,074,693	85,104	553,177	14,688,058						
	77,340	5,494	11,904	2,748	5,953	160,552							
	432,472	147,529	0	0	0	59,275	639,276						
Total Liabilities	\$ 8,262,746	\$ 719,956	\$ 1,118,258	\$ 5,155,618	\$ 138,336	\$ 676,436	\$ 16,071,350						

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds Other	Total Govern- mental Funds
	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Govern- mental Funds		
<u>Fund Balances</u>							
Nonspendable:							
Prepaid Items	\$ 569,711	\$ 143,664	\$ 0	\$ 0	\$ 0	\$ 10,640	\$ 724,015
Restricted:							
Restricted for General Government	8,045	0	0	0	0	0	8,045
Restricted for Finance	5,766	0	0	0	0	0	5,766
Restricted for Administration of Justice	435,466	0	0	0	0	6,473	441,939
Restricted for Public Safety	44,144	0	0	0	0	132,101	176,245
Restricted for Social, Cultural, and Recreational Services	0	0	0	0	0	159,464	159,464
Restricted for Highways/Public Works	0	1,165,257	0	0	0	0	1,165,257
Restricted for Debt Service	0	0	2,700,840	7,464,286	0	0	10,165,126
Restricted for Capital Projects	0	0	0	0	8,772,615	243,247	9,015,862
Committed:							
Committed for Public Health and Welfare	0	0	0	0	0	937,495	937,495
Committed for Other Operations	0	0	0	0	0	52,554	52,554
Committed for Debt Service	0	0	13,287	82,044	0	0	95,331
Assigned:							
Assigned for General Government	412,338	0	0	0	0	0	412,338
Assigned for Finance	5,426	0	0	0	0	0	5,426
Unassigned	5,606,543	0	0	0	0	0	5,606,543
Total Fund Balances	\$ 7,087,439	\$ 1,308,921	\$ 2,714,127	\$ 7,546,330	\$ 8,772,615	\$ 1,541,974	\$ 28,971,406
Total Liabilities and Fund Balances	\$ 15,350,185	\$ 2,028,877	\$ 3,832,385	\$ 12,701,948	\$ 8,910,951	\$ 2,218,410	\$ 45,042,756

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, 2012

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)		\$ 28,971,406
(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	111,800	
Add: infrastructure net of accumulated depreciation	27,192,405	
Add: buildings and improvements net of accumulated depreciation	11,543,800	
Add: other capital assets net of accumulated depreciation	1,918,935	46,682,070
(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	\$ (384,434)	
Less: bonds payable	(14,010,000)	
Less: other loans payable	(17,863,392)	
Add: deferred amount on refunding	254,596	
Add: deferred charges - debt issuance costs	281,208	
Less: unamortized portion of debt premiums	(8,068)	
Less: accrued interest on notes, bonds, and other loans	(61,599)	
Less: other postemployment benefits liability	(2,292,538)	
Less: compensated absences payable	(512,827)	(34,597,054)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		799,828
Net assets of governmental activities (Exhibit A)		<u>\$ 41,856,250</u>

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

Exhibit C-3

London County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other Governmental Funds	Other		
							Governmental Funds	Governmental Funds	
Revenues									
Local Taxes	\$ 9,161,887	\$ 582,426	\$ 1,184,858	\$ 5,123,211	\$ 269,372	\$ 1,198,676	\$	\$	17,520,430
Licenses and Permits	492,344	0	0	0	0	0	0	0	492,344
Fines, Forfeitures, and Penalties	413,657	0	0	0	0	0	0	0	524,615
Charges for Current Services	68,463	0	0	0	0	0	0	0	77,998
Other Local Revenues	201,374	23,802	36,100	65,144	456	207,587	0	0	534,463
Fees Received from County Officials	2,182,569	0	0	0	0	0	0	0	2,182,569
State of Tennessee	1,377,871	2,155,871	0	0	11,385	75,036	0	0	3,620,163
Federal Government	538,850	85,907	0	0	0	4,973	0	0	629,730
Other Governments and Citizens Groups	68,488	20,287	290,723	60,137	341,863	30,270	0	0	811,768
Total Revenues	\$ 14,505,503	\$ 2,868,293	\$ 1,511,681	\$ 5,248,492	\$ 623,076	\$ 1,637,035	\$	\$	26,394,080
Expenditures									
Current:									
General Government	\$ 2,914,172	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,914,172
Finance	1,852,557	0	0	0	0	0	0	245	1,852,802
Administration of Justice	1,688,143	0	0	0	0	0	0	598	1,688,741
Public Safety	6,249,103	0	0	0	0	0	0	180,659	6,429,762
Public Health and Welfare	696,223	0	0	0	0	0	0	720,919	1,417,142
Social, Cultural, and Recreational Services	202,371	0	0	0	0	0	0	293,131	495,502
Agriculture and Natural Resources	158,572	0	0	0	0	0	0	0	158,572
Other Operations	621,477	0	0	0	8,720	15,835	0	0	646,032
Highways	0	2,430,040	0	0	0	0	0	0	2,430,040
Debt Service:									
Principal on Debt	12,387	0	867,000	1,851,121	0	0	0	0	2,730,508
Interest on Debt	0	0	213,313	670,071	0	0	0	0	883,384
Other Debt Service	0	0	318,302	115,688	112,876	0	0	0	546,866
Capital Projects	0	0	0	0	280,361	389,966	0	0	670,327
Capital Projects - Donated	0	0	0	0	3,333,925	0	0	0	3,333,925
Total Expenditures	\$ 14,395,005	\$ 2,430,040	\$ 1,398,615	\$ 2,636,880	\$ 3,735,882	\$ 1,601,353	\$	\$	26,197,775

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Other	Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 110,498	\$ 438,253	\$ 113,066	\$ 2,611,612	\$ (3,112,806)	\$	\$ 35,682	\$ 196,305
Other Financing Sources (Uses)								
Bonds Issued	0	0	0	0	9,995,000	0	0	9,995,000
Insurance Recovery	9,538	3,514	0	0	0	0	0	13,052
Transfers In	0	0	72,643	0	0	0	0	72,643
Transfers Out	0	(72,643)	0	0	0	0	0	(72,643)
Total Other Financing Sources (Uses)	\$ 9,538	\$ (69,129)	\$ 72,643	\$ 0	\$ 9,995,000	\$ 0	\$ 0	\$ 10,008,052
Net Change in Fund Balances	\$ 120,036	\$ 369,124	\$ 185,709	\$ 2,611,612	\$ 6,882,194	\$	\$ 35,682	\$ 10,204,357
Fund Balance, July 1, 2011	6,967,403	939,797	2,528,418	4,934,718	1,890,421		1,506,292	18,767,049
Fund Balance, June 30, 2012	\$ 7,087,439	\$ 1,308,921	\$ 2,714,127	\$ 7,546,330	\$ 8,772,615	\$	\$ 1,541,974	\$ 28,971,406

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, 2012

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) \$ 10,204,357

- (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	\$ 656,975	
Less: current-year depreciation expense	<u>(1,687,408)</u>	(1,030,433)

- (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, 2011	\$ (1,538,767)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>799,828</u>	(738,939)

- (3) 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: bond proceeds	\$ (9,995,000)	
Add: principal payments on notes	1,030,821	
Add: principal payments on other loans	1,354,687	
Add: principal payments on bonds	<u>345,000</u>	(7,264,492)

- (4) 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: change in debt issuance premiums	\$ 1,047	
Add: change in debt issuance costs	35,609	
Less: change in deferred charge on refunding	<u>(48,462)</u>	(11,806)

(Continued)

Exhibit C-4

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

(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in accrued interest payable	\$	(28,934)	
Change in compensated absences payable		(29,846)	
Change in other postemployment benefits liability		<u>(481,039)</u>	\$ <u>(539,819)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 618,868</u>

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

Exhibit D

Loudon County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 510,527
Equity in Pooled Cash and Investments	2,567,050
Due from Other Governments	940,792
Taxes Receivable	5,157,357
Allowance for Uncollectible Taxes	<u>(255,658)</u>
Total Assets	<u>\$ 8,920,068</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 6,070,913
Due to Litigants, Heirs, and Others	510,527
Due to Joint Ventures	<u>2,338,628</u>
Total Liabilities	<u>\$ 8,920,068</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, 2012

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. Net debt issues totaling \$3,333,925 were contributed by the county to the School Department during the year ended June 30, 2012.

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. The School Department reports one proprietary fund, an internal service fund.

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable adequate facilities taxes, business taxes, litigation taxes,

state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Loudon County reports the following major governmental funds:

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

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

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

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

General Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additionally, Loudon County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Loudon County, the city school system’s share of educational revenues, and assets held in a custodial capacity for joint ventures. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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.

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.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows of the School Department’s internal service fund (the Employee Dental and Vision 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.

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 2.57 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.

Most payables are disaggregated on the face of the financial statements. Due to litigants, heirs, and others in the nonmajor governmental funds represents law enforcement seizures awaiting disposition.

Retainage payable represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

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. Prepaids are offset in the nonspendable fund balance account in governmental funds.

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, 2012. All vacation pay is accrued when incurred in the government-wide financial statements for the county. 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.

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, 2012, Loudon County had \$23,692,134 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.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund consists of amounts assigned for encumbrances (\$11,881) and fund balance appropriated for use in the 2012-2013 budget (\$405,883). Assigned fund balance in the General Purpose School Fund consists of amounts assigned for encumbrances (\$60,021) and fund balance appropriated for use in the 2012-2013 budget (\$203,616).

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not

been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

8. Prior-period Adjustment

The balance of net assets on July 1, 2012, for governmental activities has been increased by \$251,133 from amounts previously reported. This was to recognize investment earnings credited by the state in prior years to the county's Qualified Zone Academy Bonds repayment account. These earnings had not been recorded on the county's financial statements in prior years.

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 I-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 I-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. 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.

At June 30, 2012, the Loudon County School Department reported the following significant encumbrances in the Educational Capital Projects Fund:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Major Fund:		
Education Capital Projects	Construction	\$ 19,336,738

B. Expenditures Exceeded Appropriations

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
County Attorney	\$ 9,628
Circuit Court	1,346
County Coroner/Medical Examiner	2,500
Tourism	3,146

Expenditures that exceed 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, 2012, Loudon County had the following investments carried at fair value or cost. Pooled 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.

POOLED INVESTMENTS

Investment	Maturities	Bond Rating	Fair Value or Cost
State Treasurer's Investment Pool	6 to 164 days		\$ 10,250,651
Municipal Bonds:			
Elizabethtown KY, G/O Bds Ser 2012-C/ Bank Qualified Book Entry	7-1-12	Aa2	320,000
Maricopa Cnty AR, Sch Dist No Sch Impt Bds 2011 E, Book-Entry GO	7-1-12	AA-/Aa2	300,000
Albuquerque NM, Mun Sch Dist Education Technology Nts, GO	8-1-12	AA/Aa1	200,208
Cambell CA, Un High Sch Dis GO Bds 2009, Book-Entry, GO	8-1-12	NR/Aa2	200,506
Chula Vista CA, Elem Sch Dis GO Bds 2010, Book-Entry, GO, Agmc	8-1-12	AA-/NR	425,705
Essex Cnty NJ, Book-Entry, GO Gen Impt Bds 2010A	8-1-12	NR/Aa2	350,969

POOLED INVESTMENTS (CONT.)

Investment	Maturities	Bond Rating	Fair Value or Cost
Municipal Bonds (Cont.):			
Pennsylvania State, Book-Entry GO Bonds Third Series 2004	9-1-12	AA/Aa1	\$ 226,721
Campbell Cnty KY, GO Rfdg Bds Ser 2012 Bank Qualified Book Entry	12-1-12	Aa2	281,868
New Lenox IL, GO Rfdg Bds Bank Qualified Ser 2011-A / Book Entry	12-15-12	AA/NR	357,293
Highland Park ILL, Ult Tax GO Bds Bank Qualified Ser 2011-A Book Entry	12-30-12	NR/Aaa	231,799
St Louis MO, Ref Pub Safety Rfdg, Book-Entry, Ambac	2-15-13	NR/Aa3	205,638
East Ouachita Psh LA, Sch Dist GO Sch Bds-Bank Qualified Book Entry-Ser 2012	3-1-13	AA/NR	145,535
Ramapo NY, Book-Entry, Taxable, GO Pub Impt Bds 2008B	9-1-12	NR/A1	151,275
Cook Cnty IL, Book-Entry, Taxable GO Ref Bds 2010C, GO None	11-15-12	AA/Aa3	200,542
Winnebago Cnty IL, G/O Bds Taxable Sales Tax / Fixed Rte Book Entry	12-30-12	NR/Aa2	175,087
Fannie Mae, Book Entry	9-20-13	AA+/Aaa *	<u>751,237</u>
Total			<u><u>\$ 14,775,034</u></u>

* September 20, 2012 is the securities call date.

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, 2012, Loudon County's investment in the State Treasurer's Investment Pool was unrated. Please refer to the preceding table for ratings on Loudon County's investments in Municipal Bonds and Federal National Mortgage Association Securities.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Loudon County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal National Mortgage Association. These investments are 5.08 percent of the county's total investments.

B. Derivative Instruments

At June 30, 2012, 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 basis points

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2012, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2012 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2012</u>		6-30-12
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Cash Flow Hedges:					
Pay fixed interest rate swaps:					
\$12.5M Swap	Deferred	\$ (633,165)	Debt	\$ (1,472,772)	\$ 10,770,000
	Outflow				
Totals		<u>\$ (633,165)</u>		<u>\$ (1,472,772)</u>	<u>\$ 10,770,000</u>

Derivative Swap Agreement Detail

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

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

county's variable interest rate on the bonds to a synthetic fixed rate. The Series IV-H-1 bonds 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™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2025. As of June 30, 2012, 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>-0.50</u>
Net interest rate swap payments		2.63 %
Variable-rate bond coupon payments		<u>0.52</u>
Synthetic interest rate on bonds		<u><u>3.15 %</u></u>

Fair value. As of June 30, 2012, the swap had a negative fair value of \$1,472,772. 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, 2012, the county was not exposed to credit risk because the swap had a negative fair value. However, should 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 swap agreement's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP") was rated "A+" by Standard and Poor's as of June 30, 2012, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk 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 swap agreement 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, 2012, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2013	\$ 570,000	\$ 56,004	\$ 283,520	\$ 909,524
2014	605,000	53,040	268,515	926,555
2015	640,000	49,894	252,588	942,482
2016	680,000	46,566	235,740	962,306
2017	720,000	43,030	217,839	980,869
2018-2022	4,305,000	154,258	780,931	5,240,189
2023-2025	3,250,000	34,450	174,405	3,458,855
Total	\$ 10,770,000	\$ 437,242	\$ 2,213,538	\$ 13,420,780

C. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 5,915,130	\$ 0	\$ 0	\$ 5,915,130
Construction in Progress	36,800	75,000	0	111,800
Total Capital Assets Not Depreciated	\$ 5,951,930	\$ 75,000	\$ 0	\$ 6,026,930

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,268,455	\$ 8,317	\$ 0	\$ 14,276,772
Infrastructure	47,353,860	0	0	47,353,860
Other Capital Assets	5,870,938	573,658	(126,480)	6,318,116
Total Capital Assets Depreciated	\$ 67,493,253	\$ 581,975	\$ (126,480)	\$ 67,948,748
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,496,175	\$ 236,797	\$ 0	\$ 2,732,972
Infrastructure	19,210,401	951,054	0	20,161,455
Other Capital Assets	4,026,104	499,557	(126,480)	4,399,181
Total Accumulated Depreciation	\$ 25,732,680	\$ 1,687,408	\$ (126,480)	\$ 27,293,608
Total Capital Assets Depreciated, Net	\$ 41,760,573	\$ (1,105,433)	\$ 0	\$ 40,655,140
Governmental Activities Capital Assets, Net	\$ 47,712,503	\$ (1,030,433)	\$ 0	\$ 46,682,070

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

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

Governmental Activities:

General Government	\$ 68,210
Finance	4,425
Administration of Justice	14,107
Public Safety	407,132
Public Health and Welfare	52,035
Social, Cultural, and Recreational Services	26,865
Other General Government	41,150
Highways/Public Works	1,073,484
Total Depreciation Expense - Governmental Activities	\$ 1,687,408

Discretely Presented Loudon County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 3,946,406	\$ 0	\$ 0	\$ 3,946,406
Construction in Progress	1,896,293	4,785,936	(38,048)	6,644,181
Total Capital Assets Not Depreciated	\$ 5,842,699	\$ 4,785,936	\$ (38,048)	\$ 10,590,587
Capital Assets Depreciated:				
Buildings and Improvements	\$ 42,071,782	\$ 105,155	\$ 0	\$ 42,176,937
Other Capital Assets	979,988	101,924	0	1,081,912
Total Capital Assets Depreciated	\$ 43,051,770	\$ 207,079	\$ 0	\$ 43,258,849
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,483,531	\$ 1,046,601	\$ 0	\$ 13,530,132
Other Capital Assets	313,536	80,714	0	394,250
Total Accumulated Depreciation	\$ 12,797,067	\$ 1,127,315	\$ 0	\$ 13,924,382
Total Capital Assets Depreciated, Net	\$ 30,254,703	\$ (920,236)	\$ 0	\$ 29,334,467
Governmental Activities Capital Assets, Net	\$ 36,097,402	\$ 3,865,700	\$ (38,048)	\$ 39,925,054

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

Governmental Activities:

Instruction	\$ 18,962
Support Services	1,102,028
Operation of Non-Instructional Services	<u>6,325</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,127,315</u>

D. Construction Commitments

The discretely presented School Department's Education Capital Projects Fund had uncompleted contracts totaling \$19,336,738 for various construction and renovation projects. Funding is being provided for these future expenditures through debt proceeds contributed by the primary government.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 9,461
General	Highway/Public Works	6,397
General Capital Projects	Educational Debt Service	23,812
Nonmajor governmental	General	595
Nonmajor governmental	Highway/Public Works	55
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	825

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, 2012, consisted of the following amount:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u>
	General
	Debt
	Service
Highway/Public Works	\$ 72,643

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

F. Payables

A total of \$13,193 in the nonmajor governmental funds Due to Litigants, Heirs, and Others account represents deposits from law enforcement seizures pending disposition by the Tennessee Department of Safety.

G. Hospital Lease Agreements

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

H. 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 25 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, other loans, and capital outlay notes included in long-term debt as of June 30, 2012, will be retired from the General Fund and debt service funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	3.17 %	6-1-36	\$ 9,995,000	\$ 9,995,000
General Obligation Bonds - Refunding	1.8 to 4	4-1-20	5,225,000	4,015,000
Capital Outlay Notes	0 to 3.4	4-12-13	3,312,608	384,434
Other Loans - City of Loudon	0	N/A	475,000	378,692
Other Loans - PBA Variable Rate	variable	6-1-25	19,835,000	15,007,000
Loan Agreement - State School Bond Authority	0	12-1-20	4,129,500	2,477,700

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, 2012:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-12	Interest Type	Variable Interest Rates as of 6-30-12	Other Fees on Variable Rate Debt
<u>Montgomery County</u>					
<u>Public Building Authority:</u>					
Various Purposes	\$ 5,000,000	\$ 2,297,000	Variable	.54 %	.55 %
<u>Blount County</u>					
<u>Public Building Authority:</u>					
School Projects-Refunding	12,265,000	10,835,000	Variable	.52	(1) .9
Various Purposes-Refunding	2,570,000	<u>1,875,000</u>	Variable	.52	.9
Total		<u>\$ 15,007,000</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.B. 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 6-30-12	Interest Rates
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City of Loudon

Highlands Business Center	\$ 475,000	\$ 378,692	0 %
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Under the agreement, the county must pay its incremental tax revenues (excess of current taxes over base year amounts), from properties within the development toward the retirement of this obligation. The maximum amount the county is required to pay is \$475,000 (with no interest accruing and no stated maturity date). During the year, the county paid \$12,387 under the agreement.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including estimated interest payments and other fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 495,000	\$ 441,888	\$ 936,888
2014	525,000	426,813	951,813
2015	545,000	410,687	955,687
2016	580,000	393,975	973,975
2017	610,000	375,685	985,685
2018-2022	3,755,000	1,510,180	5,265,180
2023-2027	2,500,000	1,076,500	3,576,500
2028-2032	2,600,000	700,500	3,300,500
2033-2036	2,400,000	216,000	2,616,000
Total	\$ 14,010,000	\$ 5,552,228	\$ 19,562,228

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 384,434	\$ 3,257	\$ 387,691
Total	\$ 384,434	\$ 3,257	\$ 387,691

Year Ending June 30	Other Loans - PBA and QZAB			
	Principal	Interest	Other Fees	Total
2013	\$ 1,403,300	\$ 363,456	\$ 126,328	\$ 1,893,084
2014	1,449,300	342,398	117,464	1,909,162
2015	1,521,300	320,177	108,226	1,949,703
2016	1,574,300	296,659	98,386	1,969,345
2017	1,651,300	271,811	88,116	2,011,227
2018-2022	6,620,200	949,599	283,310	7,853,109
2023-2025	3,265,000	209,633	59,586	3,534,219
Total	\$ 17,484,700	\$ 2,753,733	\$ 881,416	\$ 21,119,849

Annual requirements for the \$378,692 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.

Interest requirements in the above schedule include the synthetic rate the county is obligated for under a swap agreement. See Note IV.B. Derivative Instruments.

There is \$10,260,457 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$83 for residents inside Lenoir City, and \$333 for residents outside Lenoir City, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$176 for residents inside Lenoir City, and \$770 for residents outside Lenoir City, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Bonds	Notes	Other Loans - City of Loudon
Balance, July 1, 2011	\$ 4,360,000	\$ 1,415,255	\$ 391,079
Additions	9,995,000	0	0
Reductions	(345,000)	(1,030,821)	(12,387)
Balance, June 30, 2012	\$ 14,010,000	\$ 384,434	\$ 378,692
Balance Due Within One Year	\$ 495,000	\$ 384,434	\$ 0

		Other Loans - PBA & QZAB	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	*	\$ 18,827,000	\$ 482,981	\$ 1,811,499
Additions		0	421,255	625,062
Reductions		(1,342,300)	(391,409)	(144,023)
Balance, June 30, 2012		\$ 17,484,700	\$ 512,827	\$ 2,292,538
Balance Due Within One Year		\$ 1,403,300	\$ 149,234	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 35,063,191
Less: Balance Due Within One Year	(2,431,968)
Less: Deferred Amount on Refunding	(254,596)
Add: Unamortized Premium on Debt	<u>8,068</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 32,384,695</u>

*A prior-period adjustment was made to correct beginning balances. See Note I.D.8.

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

Discretely Presented Loudon County School Department

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, 2012:

	Other Postemployment Benefits
Balance, July 1, 2011	\$ 441,044
Additions	587,916
Reductions	<u>(348,365)</u>
Balance, June 30, 2012	<u>\$ 680,595</u>
Balance Due Within One Year	<u>\$ 0</u>

I. Pledges of Future Revenues

Tax Incremental Revenues Pledged for Retirement of County Debt

As discussed in Note IV.H., 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, 2012, was \$378,692.

J. 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, 2012, were \$112,780 and \$26,093, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Loudon County School Department has 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 past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2010-2011	\$26,454	\$395,162	(\$386,364)	\$35,252
2011-2012	35,252	385,220	(396,013)	24,459

The primary government provides health, dental, and vision coverage through commercial insurance. 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 the 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. Subsequent Events

On July 25, 2012, Loudon County issued \$23,500,000 in general obligation bonds.

On December 31, 2012, George Miller resigned as trustee. On January 7, 2013, the Loudon County Commission appointed George Miller, II, as trustee.

On January 7, 2013, Loudon County reached an agreement to settle a prior-year claim by Covenant Health Financial Services regarding medical costs for a prisoner. Under the agreement the county has agreed to pay Covenant Health Financial Services \$50,000.

Subsequent to June 30, 2012, Loudon County established an Audit Committee. An attempt was made by the county to establish the committee during 2011, but the county had failed to comply with certain guidelines of

the state Comptroller's Office and resubmitted organizational documents to the comptroller and to the County Commission subsequent to June 30, 2012.

C. 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, 2012, future principal and interest requirements of these bonds were \$337,311 and \$271,534, 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, 2012, future principal and interest requirements of this loan were \$437,500 and \$69,282, 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.

D. Changes in Administration

Assessor of Property Charles Jenkins died July 31, 2011. Jane Smith served as interim assessor of property until Michael Campbell was appointed to the office by the County Commission effective September 19, 2011.

E. Joint Ventures

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

Administrative Office:

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

The Center Board is a joint venture formed by an interlocal agreement between Loudon County and Lenoir City. The purpose of the board is to provide operation and maintenance for the Career Center Building jointly owned by Loudon County and Lenoir City. The Center Executive Board

members are approved by the city and county legislative bodies. The interlocal agreement calls for any excess revenue over the operational and maintenance cost to be remitted back to the county and city based on the percentage of prior construction costs provided by each entity. However, the county and city may be required to compensate the federal government for its fair share based on contributions made by federal grants. The financial transactions of this joint venture are channeled through the county Trustee's Office, and the county accounts for these transactions in an agency fund.

The Tellico Area Services System (TASS), a regional water, sewer, and solid waste system is jointly owned by Monroe and Loudon counties. TASS comprises the county Boards of Public Utilities of each of the counties. Loudon County has control over budgeting and financing the joint venture only to the extent of representation by its county Board of Public Utility. As discussed in Note V.C., Loudon County is contingently liable for certain debt issued by the county on behalf of this joint venture; however, the counties do not retain an equity interest in the entity. Complete financial statements for TASS can be obtained through its administrative office at the following address:

Administrative Office:

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

The Loudon County Economic Development Agency, Inc., was designated to function as the Joint Economic and Community Development Board under Public Chapter 1101. Under this role, the agency is responsible for coordinating governmental and private industrial development and economic development activities in Loudon County. The agency is a joint venture between Loudon County and the cities of Loudon and Lenoir City, and Lenoir City Industrial Committee of 100, in which each provide financial support. The agency is governed by an eight-member board comprising one member from the three governments and the remaining members from other various community organizations. Loudon County provided the agency \$153,429 in financial support during the 2011-12 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

F. Retirement Commitments

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.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, 2012, was 10.11 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, Loudon County's annual pension cost of \$1,094,341 to TCRS was equal to the county's required and actual

contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$1,094,341	100%	\$0
6-30-11	1,056,706	100	0
6-30-10	1,060,636	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 89.25 percent funded. The actuarial accrued liability for benefits was \$33.09 million, and the actuarial value of assets was \$29.54 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.56 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.92 million, and the ratio of the UAAL to the covered payroll was 32.57 percent.

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

SCHOOL TEACHERS

The Loudon County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by

the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$1,630,106, \$1,633,960, and \$1,145,874, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Primary Government

The primary government pays for a portion of postretirement health care benefits and life insurance for employees who have retired from Loudon County with full benefits through the Tennessee Consolidated Retirement System. For accounting purposes, the plan is a single-employer defined

benefit OPEB plan. Benefits are established and amended by the County Commission.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

	Local Government Commercial Plan
ARC	\$ 636,123
Interest on the NPO	72,460
Adjustment to the ARC	(83,521)
Annual OPEB cost	\$ 625,062
Amount of contribution	(144,023)
Increase/decrease in NPO	\$ 481,039
Net OPEB obligation, 7-1-11	<u>1,811,499</u>
Net OPEB obligation, 6-30-12	<u><u>\$ 2,292,538</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Loudon County	\$ 791,740	14.1	% \$ 1,337,620
6-30-11	"	594,454	20.3	1,811,499
6-30-12	"	625,062	23	2,292,538

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	<u>Local Government Commercial Plan</u>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 4,845,879
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,845,879
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 7,101,471
UAAL as a % of covered payroll	68.2%

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, 2010, 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 plans. 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 between the standard or partnership preferred provider organization (PPO) 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 plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are 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 42 to 79 percent based on the years of service and type of coverage. During the year ended June 30, 2012, the School Department contributed \$348,365 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 589,000
Interest on the NPO	17,642
Adjustment to the ARC	<u>(18,726)</u>
Annual OPEB cost	\$ 587,916
Amount of contribution	<u>(348,365)</u>
Increase/decrease in NPO	\$ 239,551
Net OPEB obligation, 7-1-11	<u>441,044</u>
 Net OPEB obligation, 6-30-12	 <u>\$ 680,595</u>

Fiscal Year Ended	Plan	Annual OPEB Cost	of Annual OPEB Cost Contributed	%	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 497,540	80	%	\$ 327,010
6-30-11	"	512,777	78		441,044
6-30-12	"	587,916	59		680,595

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 5,124,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,124,000
Actuarial value of assets as a % of the AAL	0
Covered payroll (active plan members)	\$ 22,065,000
UAAL as a % of covered payroll	23.2%

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, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. Termination Benefits

In 2012, the Loudon County Board of Education agreed to offer a one-time retirement incentive to all state licensed personnel who:

- Meet the requirements for a service retirement from the Tennessee Consolidated Retirement System (TCRS).
- Have continuously been employed by the Loudon County Board of Education as a licensed teacher or administrator for the last 20 years prior to retirement.
- Makes timely application for this benefit on appropriate forms and presents these to the director for approval.
- Is approved by the TCRS for service retirement benefits.

Retiring personnel who satisfied all the above requirements were eligible for a retirement incentive equal to 25 percent of their annual salary. During the year ended June 30, 2012, the School Department paid \$186,665 to those who participated.

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 GASB. 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

Accounts receivable, which are deemed uncollectible based on a periodic review of the accounts, are charged to revenue. At June 30, 2012, no allowance for uncollectible accounts was considered necessary. The accounts receivable balance of \$40,510 primarily represents amounts due from AT&T for the surcharge on Loudon County telephone services for the month of June 2012 and wireless commissions due from the State of Tennessee for May through June 2012.

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 \$5,000 (as changed by board approval from \$2,500 effective June 12, 2012) 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.

For this reporting period, \$9,741 has been recorded as accrued vacation pay.

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. The budget is adopted on a basis consistent with generally accepted accounting principles except that the budgeted cost of capital assets purchased is included as an expenditure. The district is required by Section 7-86-120, *Tennessee Code Annotated*, to adopt and operate under an annual budget. In addition, the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts established the legal level of control, which is defined to be the line item. Budgeted amounts lapse at the end of the fiscal year and no unexpected balances are carried to the subsequent year. Budget 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, 2012, the carrying amount of deposits was \$482,896, and the bank balances were \$488,746. 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, 2012, 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. In order to minimize 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 2012 from those in effect in 2011 and 2010. 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, 2012, was as follows:

	Balance 7-1-11	Additions	Retirements and Transfers	Balance 6-30-12
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 1,664,200	\$ 0	\$ 0	\$ 1,664,200
Vehicles	39,557	17,232	0	56,789
Furniture and Fixtures	90,440	3,026	(22,224)	71,242
Office Equipment	92,456	0	(46,821)	45,635
Communication Equipment	960,225	6,049	(165,560)	800,714
Total Capital Assets	<u>\$ 2,846,878</u>	<u>\$ 26,307</u>	<u>\$ (234,605)</u>	<u>\$ 2,638,580</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ (104,038)	\$ (41,605)	\$ 0	\$ (145,643)
Vehicles	(35,518)	(4,476)	0	(39,994)
Furniture and Fixtures	(48,304)	(10,141)	22,224	(36,221)
Office Equipment	(88,229)	(1,615)	46,821	(43,023)
Communication Equipment	(511,426)	(108,934)	165,560	(454,800)
Total Accumulated Depreciation	<u>\$ (787,515)</u>	<u>\$ (166,771)</u>	<u>\$ 234,605</u>	<u>\$ (719,681)</u>
Total Assets Being Depreciated, Net	<u>\$ 2,059,363</u>	<u>\$ (140,464)</u>	<u>\$ 0</u>	<u>\$ 1,918,899</u>

G. Bonds Payable

Emergency Communications District Revenue Bond, Series 2007, for \$1.5 million was issued May 26, 2009, for the purpose of paying the majority of the costs to construct and equip a new facility to house the district's operations. The bonds are payable in 240 monthly principal and interest payments totaling \$7,545, at an interest rate of 4.125 percent. The remaining number of monthly payments was reduced due to an additional \$200,000 paid on bonds during fiscal year 2011. 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 \$50,034 in 2012, and the balance outstanding on the bonds at June 30, 2012, was \$1,190,805.

Change in debt during the year ended June 30, 2012, is as follows:

	Beginning Balance	Retirements	Ending Balance	Due in One Year
Long-term debt:				
Revenue bonds:				
Series 2007	\$ 1,231,311	\$ 40,506	\$ 1,190,805	\$ 42,211

Aggregate maturities of bonds payable are as follows:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 42,211	\$ 48,329	\$ 90,540
2014	43,986	46,554	90,540
2015	45,835	44,705	90,540
2016	47,762	42,778	90,540
2017	49,770	40,770	90,540
2018-2022	282,048	170,652	452,700
2023-2027	346,532	106,168	452,700
2028-2030	332,658	120,042	452,700
Total	\$ 1,190,805	\$ 619,998	\$ 1,810,800

H. Dispatch Service Agreement

Beginning January 1, 2010, the district entered into an agreement with Loudon County, Tennessee, to take over the employment of personnel managing and operating the communications system and to provide the necessary 911 emergency and non-emergency dispatch services for Loudon County, Tennessee, from the district's location. In exchange for this coverage, Loudon County provides funding of up to \$540,000 with annual renewals

subject to withdrawal or termination provisions for either party as detailed in the agreement. There has not been any change to the agreement during this fiscal year.

I. Agreement for Office Space

The district entered into an agreement with Loudon County in which it received a contribution in October 2006 for the construction of an E-911 center. In return, the district has made available to Loudon County, offices and 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 Leases

Operating leases in place during the year are as follows:

1. During fiscal year 2005, the district sold its Mobile 911 Center to Loudon County and then entered into a lease agreement with Loudon County to lease the facility for \$1 per year.
2. 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 \$1 per year.

K. Employee Retirement Plan

Plan Description

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

Funding Policy

The district requires employees to contribute five percent of their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 14.3 percent of covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees. The district became responsible for the employees who previously contracted with Loudon County on January 1, 2010. With that event, the eligible employees in the TCRS program had their funds transferred into an account and an actuarial valuation was performed as of April 1, 2011. For that valuation, the district was notified that the amounts being held for employees and the employer matching contributions were remitted to the program and that payment was made in July 2011. In addition, the district was informed that the district should contribute at the actuarially determined rate of 4.42 percent beginning monthly in July 2011. The amount held at June 30, 2011, from employees totals \$30,232 and the matching employer contributions were remitted totaling \$37,253.

Annual Pension Cost

For the year ended June 30, 2012, the district's annual pension cost of \$68,604 (of which \$37,253 related to amount accumulated through June 30, 2011) to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increases in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market of total investments over a ten year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. An actuarial valuation

was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$ 68,204	100	% \$ 0

The district began its entry into the plan, effective July 1, 2011, the only available year for trend information. In addition, as this is the initial entry to the plan by the district, the information required in regard to Funding Status and Funding Progress and the required supplementary information Schedule of Funding Progress is not available for this presentation.

L. Subsequent Events

The district has evaluated events and transactions subsequent to the balance sheet date through November 12, 2012, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,161,887	\$ 0	\$ 0	\$ 9,161,887	\$ 8,797,038	\$ 8,946,038	\$ 215,849
Licenses and Permits	492,344	0	0	492,344	406,500	416,300	76,044
Fines, Forfeitures, and Penalties	413,657	0	0	413,657	416,950	416,950	(3,293)
Charges for Current Services	68,463	0	0	68,463	56,400	61,400	7,063
Other Local Revenues	201,374	0	0	201,374	186,309	191,187	10,187
Fees Received from County Officials	2,182,569	0	0	2,182,569	2,050,000	2,090,000	92,569
State of Tennessee	1,377,871	0	0	1,377,871	1,430,654	1,492,854	(114,983)
Federal Government	538,850	0	0	538,850	77,551	514,468	24,382
Other Governments and Citizens Groups	68,488	0	0	68,488	44,192	58,608	9,880
Total Revenues	\$ 14,505,503	\$ 0	\$ 0	\$ 14,505,503	\$ 13,465,594	\$ 14,187,805	\$ 317,698
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 136,031	\$ 0	\$ 0	\$ 136,031	\$ 138,734	\$ 139,913	\$ 3,882
Board of Equalization	2,263	0	0	2,263	1,000	2,265	2
Beer Board	3,562	0	0	3,562	4,500	4,500	938
Other Boards and Committees	5,000	0	0	5,000	5,000	5,000	0
County Mayor/Executive	175,505	0	0	175,505	174,755	178,125	2,620
Personnel Office	66,268	0	0	66,268	69,855	69,588	3,320
County Attorney	102,628	0	0	102,628	78,000	93,000	(9,628)
Election Commission	256,858	(3,296)	2,783	256,345	267,866	270,521	14,176
Register of Deeds	306,913	0	0	306,913	307,091	314,836	7,923
Planning	358,790	0	0	358,790	368,385	380,125	21,335
Geographical Information Systems	60,050	0	0	60,050	60,271	62,348	2,298
County Buildings	1,198,127	(4,270)	3,673	1,197,530	1,236,127	1,238,632	41,102

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	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	\$	0	0	242,177	\$	243,000	\$ 823
<u>Finance</u>							
Accounting and Budgeting	491,250	0	2,620	493,870	492,869	498,413	4,543
Purchasing	187,273	0	0	187,273	190,861	195,571	8,298
Property Assessor's Office	335,345	(12,300)	968	324,013	396,793	389,418	65,405
County Trustee's Office	294,665	0	0	294,665	293,049	301,496	6,831
County Clerk's Office	467,332	0	1,837	469,169	472,565	482,063	12,894
Data Processing	76,692	0	0	76,692	81,643	82,959	6,267
<u>Administration of Justice</u>							
Circuit Court	293,553	0	0	293,553	288,671	292,207	(1,346)
General Sessions Court	511,015	0	0	511,015	506,291	517,997	6,982
General Sessions Judge	244,460	0	0	244,460	256,356	257,335	12,875
Chancery Court	234,561	0	0	234,561	227,335	237,706	3,145
Juvenile Court	391,981	0	0	391,981	385,103	396,315	4,334
Other Administration of Justice	12,573	0	0	12,573	15,500	14,100	1,527
<u>Public Safety</u>							
Sheriff's Department	3,642,963	(24,000)	0	3,618,963	3,632,474	3,800,266	181,303
Special Patrols	14,784	0	0	14,784	15,000	15,450	666
Traffic Control	1,214	0	0	1,214	1,000	1,214	0
Administration of the Sexual Offender Registry	330	0	0	330	1,800	1,800	1,470
Jail	1,532,795	0	0	1,532,795	1,539,616	1,614,969	82,174
Juvenile Services	19,990	0	0	19,990	20,832	20,832	842
Rural Fire Protection	166,750	(4,250)	0	162,500	162,500	162,500	0
Civil Defense	114,612	0	0	114,612	109,470	114,871	259

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	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	\$ 2,000	\$ 0	\$ 0	\$ 2,000	\$ 2,000	\$ 2,000	\$ 0
Other Emergency Management	145,794	(13,957)	0	131,837	46,783	131,837	0
County Coroner/Medical Examiner	57,000	0	0	57,000	49,000	54,500	(2,500)
Other Public Safety	550,871	0	0	550,871	550,871	550,871	0
<u>Public Health and Welfare</u>							
Local Health Center	109,012	(920)	0	108,092	129,988	129,002	20,910
Rabies and Animal Control	287,330	(2,350)	0	284,980	315,304	312,040	27,060
Other Local Health Services	299,434	0	0	299,434	395,800	395,800	96,366
Other Local Welfare Services	447	0	0	447	2,686	448	1
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	2,500	0	0	2,500	2,500	2,500	0
Senior Citizens Assistance	199,871	(721)	0	199,150	189,750	201,597	2,447
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	139,908	0	0	139,908	144,860	144,860	4,952
Soil Conservation	13,204	0	0	13,204	14,926	14,939	1,735
Flood Control	2,000	0	0	2,000	2,000	2,000	0
Storm Water Management	3,460	0	0	3,460	3,460	3,460	0
<u>Other Operations</u>							
Tourism	110,146	0	0	110,146	100,000	107,000	(3,146)
Industrial Development	156,556	0	0	156,556	156,559	156,559	3
Housing and Urban Development	5,000	0	0	5,000	3,000	5,000	0
Veterans' Services	8,866	0	0	8,866	9,536	9,536	670
Contributions to Other Agencies	68,140	0	0	68,140	68,140	68,140	0
Employee Benefits	45	0	0	45	9,525	9,525	9,480

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Miscellaneous	\$ 272,724 \$	0 \$	0 \$	272,724 \$	306,500 \$	306,500 \$	33,776
Principal on Debt	12,387	0	0	12,387	10,500	12,387	0
General Government	\$ 14,395,005 \$	(66,064) \$	11,881 \$	14,340,822 \$	14,550,000 \$	15,019,836 \$	679,014
Total Expenditures	\$ 110,498 \$	66,064 \$	(11,881) \$	164,681 \$	(1,084,406) \$	(832,031) \$	996,712
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,538 \$	0 \$	0 \$	9,538 \$	0 \$	8,845 \$	693
<u>Other Financing Sources (Uses)</u>	\$ 9,538 \$	0 \$	0 \$	9,538 \$	0 \$	8,845 \$	693
Insurance Recovery	\$ 120,036 \$	66,064 \$	(11,881) \$	174,219 \$	(1,084,406) \$	(823,186) \$	997,405
Total Other Financing Sources (Uses)	6,967,403	(66,064)	0	6,901,339	5,522,409	5,522,409	1,378,930
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 7,087,439 \$	0 \$	(11,881) \$	7,075,558 \$	4,438,003 \$	4,699,223 \$	2,376,335
Fund Balance, June 30, 2012							

Exhibit E-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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 582,426	\$ 0	\$ 0	\$ 582,426	\$ 582,026	\$ 582,026	\$ 400
Other Local Revenues	23,802	0	0	23,802	19,879	20,256	3,546
State of Tennessee	2,155,871	0	0	2,155,871	2,397,908	2,167,869	(11,998)
Federal Government	85,907	0	0	85,907	0	95,769	(9,862)
Other Governments and Citizens Groups	20,287	0	0	20,287	0	0	20,287
Total Revenues	\$ 2,868,293	\$ 0	\$ 0	\$ 2,868,293	\$ 2,999,813	\$ 2,865,920	\$ 2,373
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 703,113	\$ 0	\$ 0	\$ 703,113	\$ 731,246	\$ 724,310	\$ 21,197
Highway and Bridge Maintenance	392,972	0	0	392,972	421,600	485,200	92,228
Operation and Maintenance of Equipment	296,343	(7,163)	0	289,180	313,000	345,712	56,532
Other Charges	154,250	0	0	154,250	165,805	174,105	19,855
Employee Benefits	361,347	0	0	361,347	356,317	380,199	18,852
Capital Outlay	522,015	0	137,340	659,355	1,163,343	932,139	272,784
Total Expenditures	\$ 2,430,040	\$ (7,163)	\$ 137,340	\$ 2,560,217	\$ 3,151,311	\$ 3,041,665	\$ 481,448
Excess (Deficiency) of Revenues Over Expenditures	\$ 438,253	\$ 7,163	\$ (137,340)	\$ 308,076	\$ (151,498)	\$ (175,745)	\$ 483,821
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 3,514	\$ 0	\$ 0	\$ 3,514	\$ 0	\$ 1,288	\$ 2,226
Transfers Out	(72,643)	0	0	(72,643)	(94,505)	(94,505)	21,862
Total Other Financing Sources (Uses)	\$ (69,129)	\$ 0	\$ 0	\$ (69,129)	\$ (94,505)	\$ (93,217)	\$ 24,088
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 369,124	\$ 7,163	\$ (137,340)	\$ 238,947	\$ (246,003)	\$ (268,962)	\$ 507,909
Fund Balance, July 1, 2011	939,797	(7,163)	0	932,634	553,102	553,102	379,532
Fund Balance, June 30, 2012	\$ 1,308,921	\$ 0	\$ (137,340)	\$ 1,171,581	\$ 307,099	\$ 284,140	\$ 887,441

Exhibit E-3

Loudon County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Loudon County School Department
June 30, 2012

(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)
7-01-11	\$ 29,537	\$ 33,094	\$ 3,557	89.25 %	\$ 10,920	32.57 %
7-01-09	24,044	24,540	496	97.98	11,285	4.40
7-01-07	22,189	22,809	620	97.28	10,267	6.04

Exhibit E-4

Loudon County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Loudon County Emergency Communications District
June 30, 2012

(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)
7-01-11	\$ 0	\$ 0	\$ 0	0 %	\$ 0	0 %

The pension plan for Loudon County Emergency Communications District was established in the 2011-12 fiscal year. Funding progress will be added as the data becomes available.

Exhibit E-5

Loudon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Loudon County School Department
June 30, 2012

(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 Commercial	7-1-08	\$ 0	\$ 5,347	\$ 5,347	0 %	\$ 7,388	72.37 %
"	7-1-10	0	4,846	4,846	0	7,101	68.2
Local Education Group	7-1-09	0	4,487	4,487	0	22,093	20.31
"	7-1-10	0	4,578	4,578	0	22,340	20.49
"	7-1-11	0	5,124	5,124	0	22,065	23.22

LOUDON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

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 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. Expenditures Exceeded Appropriations

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
County Attorney	\$ 9,628
Circuit Court	1,346
County Coroner/Medical Examiner	2,500
Tourism	3,146

Expenditures that exceed 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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.

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.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for general capital expenditures of the Highway Department.

Exhibit F-1

London County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

Special Revenue Funds

	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
\$	0 \$	250 \$	0 \$	0 \$	0
	6,473	162,736	883,944	52,554	123,638
	0	2	4,752	0	0
	0	0	127,511	0	870
	0	595	55	0	0
	0	272,532	0	0	0
	0	(13,510)	0	0	0
	0	3,478	6,889	0	273
	0	2,696	5,797	0	0
	\$ 6,473	\$ 428,779	\$ 1,028,948	\$ 52,554	\$ 124,781

ASSETS

Cash	0
Equity in Pooled Cash and Investments	0
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
Other Current Assets	0
Total Assets	6,473

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	0	1,146	15,889	0	2,311
Accrued Payroll	0	6,631	9,400	0	0
Due to Other Funds	0	0	0	0	7,500
Due to Litigants, Heirs, and Others	0	0	0	0	13,193
Deferred Revenue - Current Property Taxes	0	255,312	0	0	0
Deferred Revenue - Delinquent Property Taxes	0	2,748	0	0	0
Other Deferred Revenues	0	0	59,275	0	0
Total Liabilities	0	265,837	84,564	0	23,004
<u>Fund Balances</u>					
Nonspendable:					
Prepaid Items	0	3,478	6,889	0	273
Restricted:					
Restricted for Administration of Justice	6,473	0	0	0	0

(Continued)

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

Special Revenue Funds					
	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
\$	0	0	0	0	101,504
	0	159,464	0	0	0
	0	0	0	0	0
	0	0	937,495	0	0
	0	0	0	52,554	0
\$	6,473	162,942	944,384	52,554	101,777
\$	6,473	428,779	1,028,948	52,554	124,781

LIABILITIES AND FUND BALANCES (CONT.)

<u>Fund Balances (Cont.)</u>
Restricted (Cont.):
Restricted for Public Safety
Restricted for Social, Cultural, and Recreational Services
Restricted for Capital Projects
Committed:
Committed for Public Health and Welfare
Committed for Other Operations
Total Fund Balances
Total Liabilities and Fund Balances

(Continued)

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

	Special Revenue Funds (Cont.)			Capital Projects Fund		Total Nonmajor Governmental Funds
	Other Special Revenue	Constitutional Officers - Fees	Total	Highway Capital Projects		
\$	0	1,650	\$ 1,900	\$ 0	\$ 0	1,900
	30,597	0	1,259,942	242,124		1,502,066
	0	311	5,065	0		5,065
	0	0	128,381	0		128,381
	0	0	650	0		650
	0	0	272,532	317,954		590,486
	0	0	(13,510)	(15,761)		(29,271)
	0	0	10,640	0		10,640
	0	0	8,493	0		8,493
	<u>\$ 30,597</u>	<u>\$ 1,961</u>	<u>\$ 1,674,093</u>	<u>\$ 544,317</u>	<u>\$</u>	<u>2,218,410</u>

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	
Other Current Assets	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	
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	
<u>Fund Balances</u>	
Nonspendable:	
Prepaid Items	
Restricted:	
Restricted for Administration of Justice	

(Continued)

Exhibit F-1

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

	Special Revenue Funds (Cont.)			Capital Projects Fund		Total Nonmajor Governmental Funds
	Other Special Revenue	Constitutional Officers - Fees	Total	Highway Capital Projects		
\$ 30,597 \$	0 \$	132,101 \$	0 \$	0 \$	132,101	
0	0	159,464	0	0	159,464	
0	0	0	243,247	0	243,247	
0	0	937,495	0	0	937,495	
0	0	52,554	0	0	52,554	
<u>\$ 30,597 \$</u>	<u>0 \$</u>	<u>1,298,727 \$</u>	<u>243,247 \$</u>	<u>0 \$</u>	<u>1,541,974</u>	
<u>\$ 30,597 \$</u>	<u>1,961 \$</u>	<u>1,674,093 \$</u>	<u>544,317 \$</u>	<u>0 \$</u>	<u>2,218,410</u>	

LIABILITIES AND FUND BALANCES (CONT.)

<u>Fund Balances (Cont.)</u>
Restricted (Cont.):
Restricted for Public Safety
Restricted for Social, Cultural, and Recreational Services
Restricted for Capital Projects
Committed:
Committed for Public Health and Welfare
Committed for Other Operations
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, 2012

	Special Revenue Funds					
	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
<u>Revenues</u>						
Local Taxes	\$ 4,875	\$ 262,496	\$ 625,113	\$ 0	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	0	0	110,561
Charges for Current Services	0	8,681	0	0	0	11
Other Local Revenues	0	436	129,928	11,237	0	33,561
State of Tennessee	0	1,500	73,536	0	0	0
Federal Government	0	0	0	0	0	4,973
Other Governments and Citizens Groups	0	29,770	0	0	0	500
Total Revenues	\$ 4,875	\$ 302,883	\$ 828,577	\$ 11,237	\$ 0	\$ 149,606
<u>Expenditures</u>						
Current:						
Finance	\$ 0	0	0	0	0	0
Administration of Justice	0	0	0	0	0	0
Public Safety	0	0	0	0	0	165,841
Public Health and Welfare	0	0	710,379	0	0	10,540
Social, Cultural, and Recreational Services	22,251	270,880	0	0	0	0
Other Operations	52	5,314	6,728	3,741	0	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 22,303	\$ 276,194	\$ 717,107	\$ 3,741	\$ 0	\$ 176,381
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,428)	\$ 26,689	\$ 111,470	\$ 7,496	\$ (26,775)	
Net Change in Fund Balances	\$ (17,428)	\$ 26,689	\$ 111,470	\$ 7,496	\$ (26,775)	
Fund Balance, July 1, 2011	23,901	136,253	832,914	45,058	128,552	
Fund Balance, June 30, 2012	\$ 6,473	\$ 162,942	\$ 944,384	\$ 52,554	\$ 101,777	

(Continued)

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

	Special Revenue Funds (Cont.)			Capital Projects Fund		Total Nonmajor Governmental Funds
	Other Special Revenue	Constitutional Officers - Fees	Total	Highway Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 892,484	\$ 306,192	\$ 1,198,676	
Fines, Forfeitures, and Penalties	397	0	110,958	0	110,958	
Charges for Current Services	0	843	9,535	0	9,535	
Other Local Revenues	0	0	175,162	32,425	207,587	
State of Tennessee	0	0	75,036	0	75,036	
Federal Government	0	0	4,973	0	4,973	
Other Governments and Citizens Groups	0	0	30,270	0	30,270	
Total Revenues	\$ 397	\$ 843	\$ 1,298,418	\$ 338,617	\$ 1,637,035	
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 245	\$ 245	\$ 0	\$ 245	
Administration of Justice	0	598	598	0	598	
Public Safety	14,818	0	180,659	0	180,659	
Public Health and Welfare	0	0	720,919	0	720,919	
Social, Cultural, and Recreational Services	0	0	293,131	0	293,131	
Other Operations	0	0	15,835	0	15,835	
Capital Projects	0	0	0	389,966	389,966	
Total Expenditures	\$ 14,818	\$ 843	\$ 1,211,387	\$ 389,966	\$ 1,601,353	
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,421)	\$ 0	\$ 87,031	\$ (51,349)	\$ 35,682	
Net Change in Fund Balances	\$ (14,421)	\$ 0	\$ 87,031	\$ (51,349)	\$ 35,682	
Fund Balance, July 1, 2011	45,018	0	1,211,696	294,596	1,506,292	
Fund Balance, June 30, 2012	\$ 30,597	\$ 0	\$ 1,298,727	\$ 243,247	\$ 1,541,974	

Exhibit F-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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,875	\$ 6,200	\$ 6,200	\$ (1,325)
Total Revenues	\$ 4,875	\$ 6,200	\$ 6,200	\$ (1,325)
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 22,251	\$ 6,000	\$ 26,000	\$ 3,749
<u>Other Operations</u>				
Miscellaneous	52	150	150	98
Total Expenditures	\$ 22,303	\$ 6,150	\$ 26,150	\$ 3,847
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,428)	\$ 50	\$ (19,950)	\$ 2,522
Net Change in Fund Balance	\$ (17,428)	\$ 50	\$ (19,950)	\$ 2,522
Fund Balance, July 1, 2011	23,901	21,620	21,620	2,281
Fund Balance, June 30, 2012	\$ 6,473	\$ 21,670	\$ 1,670	\$ 4,803

Exhibit F-4

London 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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 262,496	\$ 0	\$ 0	\$ 262,496	\$ 250,963	\$ 258,623	\$ 3,873
Charges for Current Services	8,681	0	0	8,681	9,200	7,242	1,439
Other Local Revenues	436	0	0	436	106	400	36
State of Tennessee	1,500	0	0	1,500	0	1,500	0
Other Governments and Citizens Groups	29,770	0	0	29,770	31,637	29,860	(90)
Total Revenues	\$ 302,883	\$ 0	\$ 0	\$ 302,883	\$ 291,906	\$ 297,625	\$ 5,258
<u>Expenditures</u>							
Social, Cultural, and Recreational Services							
Libraries	\$ 270,880	(174)	3,088	273,794	293,111	302,455	28,661
Other Operations	5,314	0	0	5,314	5,019	6,019	705
Miscellaneous							
Total Expenditures	\$ 276,194	(174)	3,088	\$ 279,108	\$ 298,130	\$ 308,474	\$ 29,366
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,689	174	(3,088)	\$ 23,775	\$ (6,224)	\$ (10,849)	\$ 34,624
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 26,689	174	(3,088)	\$ 23,775	\$ (6,224)	\$ (10,849)	\$ 34,624
	136,253	(174)	0	136,079	115,348	115,348	20,731
Fund Balance, June 30, 2012	\$ 162,942	0	(3,088)	\$ 159,854	\$ 109,124	\$ 104,499	\$ 55,355

Exhibit F-5

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2011	Encumbrances 6/30/2012			Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 625,113	\$ 0	\$ 0	\$ 625,113	\$ 545,250	\$ 545,250	\$ 79,863	
Other Local Revenues	129,928	0	0	129,928	90,830	120,805	9,123	
State of Tennessee	73,536	0	0	73,536	47,555	57,151	16,385	
Total Revenues	\$ 828,577	\$ 0	\$ 0	\$ 828,577	\$ 683,635	\$ 723,206	\$ 105,371	
<u>Expenditures</u>								
<u>Public Health and Welfare</u>								
Sanitation Education/Information	\$ 51,592	\$ (5,738)	\$ 0	\$ 45,854	\$ 47,555	\$ 47,555	\$ 1,701	
Convenience Centers	658,787	0	11,317	670,104	709,877	752,488	82,384	
<u>Other Operations</u>								
Employee Benefits	10	0	0	10	0	10	0	
Miscellaneous	6,718	0	0	6,718	10,000	10,000	3,282	
Total Expenditures	\$ 717,107	\$ (5,738)	\$ 11,317	\$ 722,686	\$ 767,432	\$ 810,053	\$ 87,367	
Excess (Deficiency) of Revenues Over Expenditures	\$ 111,470	\$ 5,738	\$ (11,317)	\$ 105,891	\$ (83,797)	\$ (86,847)	\$ 192,738	
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 111,470	\$ 5,738	\$ (11,317)	\$ 105,891	\$ (83,797)	\$ (86,847)	\$ 192,738	
	832,914	(5,738)	0	827,176	699,857	699,857	127,319	
Fund Balance, June 30, 2012	\$ 944,384	\$ 0	\$ (11,317)	\$ 933,067	\$ 616,060	\$ 613,010	\$ 320,057	

Exhibit F-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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 11,237	\$ 15,000	\$ 15,000	\$ (3,763)
Total Revenues	\$ 11,237	\$ 15,000	\$ 15,000	\$ (3,763)
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 3,629	\$ 8,000	\$ 8,000	\$ 4,371
Miscellaneous	112	300	300	188
Total Expenditures	\$ 3,741	\$ 8,300	\$ 8,300	\$ 4,559
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,496	\$ 6,700	\$ 6,700	\$ 796
Net Change in Fund Balance	\$ 7,496	\$ 6,700	\$ 6,700	\$ 796
Fund Balance, July 1, 2011	45,058	45,047	45,047	11
Fund Balance, June 30, 2012	\$ 52,554	\$ 51,747	\$ 51,747	\$ 807

Exhibit F-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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 110,561	\$ 0	\$ 110,561	\$ 125,000	\$ 111,000	\$ (439)
Charges for Current Services	11	0	11	0	0	11
Other Local Revenues	33,561	0	33,561	15,000	32,000	1,561
Federal Government	4,973	0	4,973	0	4,973	0
Other Governments and Citizens Groups	500	0	500	0	500	0
Total Revenues	\$ 149,606	\$ 0	\$ 149,606	\$ 140,000	\$ 148,473	\$ 1,133
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 165,841	\$ 0	\$ 165,841	\$ 157,400	\$ 239,400	\$ 73,559
Public Health and Welfare	10,540	(5,285)	5,255	0	5,255	0
Alcohol and Drug Programs	176,381	(5,285)	171,096	157,400	244,655	73,559
Total Expenditures	\$ (26,775)	\$ 5,285	\$ (21,490)	\$ (17,400)	\$ (96,182)	\$ 74,692
Excess (Deficiency) of Revenues Over Expenditures	\$ (26,775)	\$ 5,285	\$ (21,490)	\$ (17,400)	\$ (96,182)	\$ 74,692
Net Change in Fund Balance Fund Balance, July 1, 2011	128,552	(5,285)	123,267	108,675	108,675	14,592
Fund Balance, June 30, 2012	\$ 101,777	\$ 0	\$ 101,777	\$ 91,275	\$ 12,493	\$ 89,284

Exhibit F-8

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 397 \$	0 \$	397 \$	10,000 \$	300 \$	97
Total Revenues	\$ 397 \$	0 \$	397 \$	10,000 \$	300 \$	97
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 14,818 \$	(680) \$	14,138 \$	28,500 \$	28,500 \$	14,362
Total Expenditures	\$ 14,818 \$	(680) \$	14,138 \$	28,500 \$	28,500 \$	14,362
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,421) \$	680 \$	(13,741) \$	(18,500) \$	(28,200) \$	14,459
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (14,421) \$	680 \$	(13,741) \$	(18,500) \$	(28,200) \$	14,459
	45,018	(680)	44,338	29,261	29,261	15,077
Fund Balance, June 30, 2012	\$ 30,597 \$	0 \$	30,597 \$	10,761 \$	1,061 \$	29,536

Exhibit F-9

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 306,192 \$	0 \$	306,192 \$	301,790 \$	301,790 \$	4,402
Other Local Revenues	32,425	0	32,425	0	32,424	1
Total Revenues	\$ 338,617 \$	0 \$	338,617 \$	301,790 \$	334,214 \$	4,403
<u>Expenditures</u>						
Capital Projects						
Highway and Street Capital Projects	\$ 389,966 \$	(183,599) \$	206,367 \$	348,777 \$	348,201 \$	141,834
Total Expenditures	\$ 389,966 \$	(183,599) \$	206,367 \$	348,777 \$	348,201 \$	141,834
Excess (Deficiency) of Revenues Over Expenditures	\$ (51,349) \$	183,599 \$	132,250 \$	(46,987) \$	(13,987) \$	146,237
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (51,349) \$	183,599 \$	132,250 \$	(46,987) \$	(13,987) \$	146,237
	294,596	(183,599)	110,997	63,736	63,736	47,261
Fund Balance, June 30, 2012	\$ 243,247 \$	0 \$	243,247 \$	16,749 \$	49,749 \$	193,498

Major Governmental Funds

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

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

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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 G-1

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,184,858	\$ 1,164,405	\$ 1,171,405	\$ 13,453
Other Local Revenues	36,100	34,000	32,000	4,100
Other Governments and Citizens Groups	290,723	144,300	291,145	(422)
Total Revenues	<u>\$ 1,511,681</u>	<u>\$ 1,342,705</u>	<u>\$ 1,494,550</u>	<u>\$ 17,131</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 867,000	\$ 867,000	\$ 867,000	\$ 0
<u>Interest on Debt</u>				
General Government	213,313	394,000	394,000	180,687
<u>Other Debt Service</u>				
General Government	318,302	181,800	328,645	10,343
Total Expenditures	<u>\$ 1,398,615</u>	<u>\$ 1,442,800</u>	<u>\$ 1,589,645</u>	<u>\$ 191,030</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 113,066</u>	<u>\$ (100,095)</u>	<u>\$ (95,095)</u>	<u>\$ 208,161</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 72,643	\$ 94,505	\$ 94,505	\$ (21,862)
Total Other Financing Sources (Uses)	<u>\$ 72,643</u>	<u>\$ 94,505</u>	<u>\$ 94,505</u>	<u>\$ (21,862)</u>
Net Change in Fund Balance	\$ 185,709	\$ (5,590)	\$ (590)	\$ 186,299
Fund Balance, July 1, 2011	<u>2,528,418</u>	<u>2,330,852</u>	<u>2,330,852</u>	<u>197,566</u>
Fund Balance, June 30, 2012	<u>\$ 2,714,127</u>	<u>\$ 2,325,262</u>	<u>\$ 2,330,262</u>	<u>\$ 383,865</u>

Exhibit G-2

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,123,211	\$ 5,074,011	\$ 5,049,011	\$ 74,200
Other Local Revenues	65,144	15,000	74,144	(9,000)
Other Governments and Citizens Groups	60,137	0	60,137	0
Total Revenues	<u>\$ 5,248,492</u>	<u>\$ 5,089,011</u>	<u>\$ 5,183,292</u>	<u>\$ 65,200</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,851,121	\$ 1,850,823	\$ 1,851,124	\$ 3
<u>Interest on Debt</u>				
Education	670,071	537,457	708,513	38,442
<u>Other Debt Service</u>				
Education	115,688	80,000	116,321	633
Total Expenditures	<u>\$ 2,636,880</u>	<u>\$ 2,468,280</u>	<u>\$ 2,675,958</u>	<u>\$ 39,078</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,611,612</u>	<u>\$ 2,620,731</u>	<u>\$ 2,507,334</u>	<u>\$ 104,278</u>
Net Change in Fund Balance	\$ 2,611,612	\$ 2,620,731	\$ 2,507,334	\$ 104,278
Fund Balance, July 1, 2011	4,934,718	4,855,607	4,855,607	79,111
Fund Balance, June 30, 2012	<u>\$ 7,546,330</u>	<u>\$ 7,476,338</u>	<u>\$ 7,362,941</u>	<u>\$ 183,389</u>

Exhibit G-3

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 269,372	\$ 0	\$ 0	\$ 269,372	\$ 261,563	\$ 268,063	\$ 1,309
Other Local Revenues	456	0	0	456	5,000	1,000	(544)
State of Tennessee	11,385	0	0	11,385	0	41,932	(30,547)
Other Governments and Citizens Groups	341,863	0	0	341,863	0	387,355	(45,492)
Total Revenues	\$ 623,076	\$ 0	\$ 0	\$ 623,076	\$ 266,563	\$ 698,350	\$ (75,274)
<u>Expenditures</u>							
<u>Other Operations</u>							
Miscellaneous	\$ 8,720	\$ 0	\$ 0	\$ 8,720	\$ 7,200	\$ 9,500	\$ 780
Other Debt Service							
Education	112,876	0	0	112,876	0	112,876	0
<u>Capital Projects</u>							
General Administration Projects	98,365	0	0	98,365	128,000	128,000	29,635
Public Safety Projects	145,324	0	25,000	170,324	193,000	278,000	107,676
Public Health and Welfare Projects	9,862	0	0	9,862	0	9,862	0
Other General Government Projects	26,810	(37,472)	11,066	404	1,200	1,200	796
Highway and Street Capital Projects	0	0	0	0	0	19,049	19,049
Capital Projects - Donated							
Capital Projects Donated to School Department	3,333,925	0	0	3,333,925	0	9,882,124	6,548,199
Total Expenditures	\$ 3,735,882	\$ (37,472)	\$ 36,066	\$ 3,734,476	\$ 329,400	\$ 10,440,611	\$ 6,706,135
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,112,806)	\$ 37,472	\$ (36,066)	\$ (3,111,400)	\$ (62,837)	\$ (9,742,261)	\$ 6,630,861
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 9,995,000	\$ 0	\$ 0	\$ 9,995,000	\$ 0	\$ 9,995,000	\$ 0
Total Other Financing Sources (Uses)	\$ 9,995,000	\$ 0	\$ 0	\$ 9,995,000	\$ 0	\$ 9,995,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 6,882,194	\$ 37,472	\$ (36,066)	\$ 6,883,600	\$ (62,837)	\$ 252,739	\$ 6,630,861
Fund Balance, June 30, 2012	1,890,421	(37,472)	0	1,852,949	2,078,544	2,078,544	(225,595)
Fund Balance, June 30, 2012	\$ 8,772,615	\$ 0	\$ (36,066)	\$ 8,736,549	\$ 2,015,707	\$ 2,331,283	\$ 6,405,266

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.

Exhibit H-1

Loudon County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 June 30, 2012

	Agency Funds					Total
	Cities - Sales Tax	School ADA - Lenoir City	Constitu- tional Officers - Agency	Other Agency		
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 510,527	\$ 0	\$ 0	\$ 510,527
Equity in Pooled Cash and Investments	0	228,422	0	2,338,628	0	2,567,050
Due from Other Governments	668,213	272,579	0	0	0	940,792
Taxes Receivable	0	5,157,357	0	0	0	5,157,357
Allowance for Uncollectible Taxes	0	(255,658)	0	0	0	(255,658)
Total Assets	\$ 668,213	\$ 5,402,700	\$ 510,527	\$ 2,338,628	\$ 0	\$ 8,920,068
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 668,213	\$ 5,402,700	\$ 0	\$ 0	\$ 0	\$ 6,070,913
Due to Litigants, Heirs, and Others	0	0	510,527	0	0	510,527
Due to Joint Ventures	0	0	0	2,338,628	0	2,338,628
Total Liabilities	\$ 668,213	\$ 5,402,700	\$ 510,527	\$ 2,338,628	\$ 0	\$ 8,920,068

Exhibit H-2

Loudon County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,901,620	\$ 3,901,620	\$ 0
Due from Other Governments	643,470	668,213	643,470	668,213
Total Assets	\$ 643,470	\$ 4,569,833	\$ 4,545,090	\$ 668,213
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 643,470	\$ 4,569,833	\$ 4,545,090	\$ 668,213
Total Liabilities	\$ 643,470	\$ 4,569,833	\$ 4,545,090	\$ 668,213
<u>City School ADA - Lenoir City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 172,427	\$ 6,710,566	\$ 6,654,571	\$ 228,422
Due from Other Governments	265,284	272,579	265,284	272,579
Taxes Receivable	5,252,752	5,157,357	5,252,752	5,157,357
Allowance for Uncollectible Taxes	(332,151)	(255,658)	(332,151)	(255,658)
Total Assets	\$ 5,358,312	\$ 11,884,844	\$ 11,840,456	\$ 5,402,700
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,358,312	\$ 11,884,844	\$ 11,840,456	\$ 5,402,700
Total Liabilities	\$ 5,358,312	\$ 11,884,844	\$ 11,840,456	\$ 5,402,700
<u>Center Board</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 151,818	\$ 151,818	\$ 0
Total Assets	\$ 0	\$ 151,818	\$ 151,818	\$ 0
<u>Liabilities</u>				
Due to Joint Ventures	\$ 0	\$ 151,818	\$ 151,818	\$ 0
Total Liabilities	\$ 0	\$ 151,818	\$ 151,818	\$ 0

(Continued)

Exhibit H-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</u>				
<u>Assets</u>				
Cash	\$ 659,480	\$ 8,196,390	\$ 8,345,343	\$ 510,527
Total Assets	\$ 659,480	\$ 8,196,390	\$ 8,345,343	\$ 510,527
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 659,480	\$ 8,196,390	\$ 8,345,343	\$ 510,527
Total Liabilities	\$ 659,480	\$ 8,196,390	\$ 8,345,343	\$ 510,527
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,397,087	\$ 453,831	\$ 512,290	\$ 2,338,628
Total Assets	\$ 2,397,087	\$ 453,831	\$ 512,290	\$ 2,338,628
<u>Liabilities</u>				
Due to Joint Ventures	\$ 2,397,087	\$ 453,831	\$ 512,290	\$ 2,338,628
Total Liabilities	\$ 2,397,087	\$ 453,831	\$ 512,290	\$ 2,338,628
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 659,480	\$ 8,196,390	\$ 8,345,343	\$ 510,527
Equity in Pooled Cash and Investments	2,569,514	11,217,835	11,220,299	2,567,050
Due from Other Governments	908,754	940,792	908,754	940,792
Taxes Receivable	5,252,752	5,157,357	5,252,752	5,157,357
Allowance for Uncollectible Taxes	(332,151)	(255,658)	(332,151)	(255,658)
Total Assets	\$ 9,058,349	\$ 25,256,716	\$ 25,394,997	\$ 8,920,068
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,001,782	\$ 16,454,677	\$ 16,385,546	\$ 6,070,913
Due to Litigants, Heirs, and Others	659,480	8,196,390	8,345,343	510,527
Due to Joint Venture	2,397,087	605,649	664,108	2,338,628
Total Liabilities	\$ 9,058,349	\$ 25,256,716	\$ 25,394,997	\$ 8,920,068

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, two Special Revenue Funds, a Capital Projects Fund, and an 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.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

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.

Loudon County, Tennessee
Statement of Activities
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2012

Exhibit I-1

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
Instruction	\$ 25,738,592	\$ 422,741	\$ 2,743,952	\$ 0	\$ (22,571,899)
Support Services	11,641,964	197	240,389	3,334,675	(8,066,703)
Operation of Non-Instructional Services	3,671,300	749,983	2,893,475	62,090	34,248
Total Governmental Activities	\$ 41,051,856	\$ 1,172,921	\$ 5,877,816	\$ 3,396,765	\$ (30,604,354)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	\$ 10,544,317
Local Option Sales Taxes					3,289,842
Adequate Facilities/Development Tax					531,752
Other Local Taxes					3,424
Grants and Contributions Not Restricted for Specific Programs					21,300,138
Unrestricted Investment Income					12,706
Miscellaneous					53,510
Total General Revenues				\$	\$ 35,735,689
Change in Net Assets				\$	\$ 5,131,335
Net Assets, July 1, 2011					42,985,466
Net Assets, June 30, 2012				\$	\$ 48,116,801

Exhibit I-2

Loudon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Loudon County School Department
June 30, 2012

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Govern-</u>	<u>ment-</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 1,810	\$ 0	\$ 1,200	\$ 3,010
Equity in Pooled Cash and Investments	5,870,803	2,010,128	1,651,513	9,532,444
Accounts Receivable	4,280	0	107	4,387
Due from Other Governments	978,310	0	70,391	1,048,701
Due from Other Funds	825	0	0	825
Property Taxes Receivable	10,849,661	0	0	10,849,661
Allowance for Uncollectible Property Taxes	(535,490)	0	0	(535,490)
Prepaid Items	481,410	0	1,039	482,449
Total Assets	\$ 17,651,609	\$ 2,010,128	\$ 1,724,250	\$ 21,385,987
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 40,067	\$ 2,965	\$ 49,054	\$ 92,086
Accrued Payroll	1,508	0	0	1,508
Payroll Deductions Payable	289,803	0	70,518	360,321
Contracts Payable	0	1,772,254	0	1,772,254
Retainage Payable	0	189,106	0	189,106
Due to Other Funds	0	0	825	825
Deferred Revenue - Current Property Taxes	10,146,831	0	0	10,146,831
Deferred Revenue - Delinquent Property Taxes	129,382	0	0	129,382
Other Deferred Revenues	285,623	0	0	285,623
Total Liabilities	\$ 10,893,214	\$ 1,964,325	\$ 120,397	\$ 12,977,936
<u>Fund Balances</u>				
Nonspendable:				
Prepaid Items	\$ 481,410	\$ 0	\$ 1,039	\$ 482,449
Restricted:				
Restricted for Education	0	0	1,302,814	1,302,814
Restricted for Capital Projects	0	45,803	0	45,803
Committed:				
Committed for Education	0	0	300,000	300,000
Assigned:				
Assigned for Education	263,637	0	0	263,637
Unassigned	6,013,348	0	0	6,013,348
Total Fund Balances	\$ 6,758,395	\$ 45,803	\$ 1,603,853	\$ 8,408,051
Total Liabilities and Fund Balances	\$ 17,651,609	\$ 2,010,128	\$ 1,724,250	\$ 21,385,987

Exhibit I-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, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 8,408,051
(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	6,644,181	
Add: buildings and improvements net of accumulated depreciation	28,646,805	
Add: other capital assets net of accumulated depreciation	<u>687,662</u>	39,925,054
(2) An internal service fund is used by management to charge the cost of employee dental and vision insurance to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		49,286
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		415,005
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		<u>(680,595)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 48,116,801</u>

Exhibit I-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, 2012

	Major Funds		Nonmajor	Total
	General Purpose School	Education Capital Projects	Funds Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 13,897,929	\$ 531,752	\$ 0	\$ 14,429,681
Licenses and Permits	1,344	0	0	1,344
Charges for Current Services	25,995	0	723,988	749,983
Other Local Revenues	68,895	0	2,054	70,949
State of Tennessee	21,844,653	0	25,776	21,870,429
Federal Government	217,496	0	5,142,303	5,359,799
Other Governments and Citizens Groups	4,686	3,333,925	0	3,338,611
Total Revenues	<u>\$ 36,060,998</u>	<u>\$ 3,865,677</u>	<u>\$ 5,894,121</u>	<u>\$ 45,820,796</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 22,464,763	\$ 0	\$ 2,807,446	\$ 25,272,209
Support Services	9,890,083	0	524,796	10,414,879
Operation of Non-Instructional Services	1,145,704	0	2,555,974	3,701,678
Debt Service:				
Other Debt Service	0	60,137	0	60,137
Capital Projects	0	4,813,071	0	4,813,071
Total Expenditures	<u>\$ 33,500,550</u>	<u>\$ 4,873,208</u>	<u>\$ 5,888,216</u>	<u>\$ 44,261,974</u>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 2,560,448	\$ (1,007,531)	\$ 5,905	\$ 1,558,822
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 7,237	\$ 0	\$ 0	\$ 7,237
Total Other Financing Sources (Uses)	<u>\$ 7,237</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,237</u>
Net Change in Fund Balances	\$ 2,567,685	\$ (1,007,531)	\$ 5,905	\$ 1,566,059
Fund Balance, July 1, 2011	4,190,710	1,053,334	1,597,948	6,841,992
Fund Balance, June 30, 2012	<u>\$ 6,758,395</u>	<u>\$ 45,803</u>	<u>\$ 1,603,853</u>	<u>\$ 8,408,051</u>

Exhibit I-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, 2012

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 1,566,059
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 4,954,967	
Less: current-year depreciation expense	<u>(1,127,315)</u>	3,827,652
(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, 2011	\$ (475,351)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>415,005</u>	(60,346)
(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		(239,551)
(4) The internal service fund is used by management to charge the cost of employee dental and vision 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>37,521</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 5,131,335</u>

Exhibit I-6

Loudon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Loudon County School Department
June 30, 2012

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,200	\$ 1,200
Equity in Pooled Cash and Investments	451,742	1,199,771	1,651,513
Accounts Receivable	0	107	107
Due from Other Governments	56,920	13,471	70,391
Prepaid Items	433	606	1,039
Total Assets	<u>\$ 509,095</u>	<u>\$ 1,215,155</u>	<u>\$ 1,724,250</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 600	\$ 48,454	\$ 49,054
Payroll Deductions Payable	38,800	31,718	70,518
Due to Other Funds	0	825	825
Total Liabilities	<u>\$ 39,400</u>	<u>\$ 80,997</u>	<u>\$ 120,397</u>
<u>Fund Balances</u>			
Nonspendable:			
Prepaid Items	\$ 433	\$ 606	\$ 1,039
Restricted:			
Restricted for Education	169,262	1,133,552	1,302,814
Committed:			
Committed for Education	300,000	0	300,000
Total Fund Balances	<u>\$ 469,695</u>	<u>\$ 1,134,158</u>	<u>\$ 1,603,853</u>
Total Liabilities and Fund Balances	<u>\$ 509,095</u>	<u>\$ 1,215,155</u>	<u>\$ 1,724,250</u>

Exhibit I-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, 2012

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 723,988	\$ 723,988
Other Local Revenues	0	2,054	2,054
State of Tennessee	0	25,776	25,776
Federal Government	3,439,089	1,703,214	5,142,303
Total Revenues	<u>\$ 3,439,089</u>	<u>\$ 2,455,032</u>	<u>\$ 5,894,121</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,807,446	\$ 0	\$ 2,807,446
Support Services	524,796	0	524,796
Operation of Non-Instructional Services	0	2,555,974	2,555,974
Total Expenditures	<u>\$ 3,332,242</u>	<u>\$ 2,555,974</u>	<u>\$ 5,888,216</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 106,847</u>	<u>\$ (100,942)</u>	<u>\$ 5,905</u>
Net Change in Fund Balances	\$ 106,847	\$ (100,942)	\$ 5,905
Fund Balance, July 1, 2011	362,848	1,235,100	1,597,948
Fund Balance, June 30, 2012	<u>\$ 469,695</u>	<u>\$ 1,134,158</u>	<u>\$ 1,603,853</u>

Exhibit I-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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 13,897,929	\$ 0	\$ 0	\$ 13,897,929	\$ 13,265,080	\$ 13,265,080	\$ 632,849
Licenses and Permits	1,344	0	0	1,344	1,200	1,200	144
Charges for Current Services	25,995	0	0	25,995	117,170	117,170	(91,175)
Other Local Revenues	68,895	0	0	68,895	22,000	66,977	1,918
State of Tennessee	21,844,653	0	0	21,844,653	21,276,467	21,570,440	274,213
Federal Government	217,496	0	0	217,496	65,000	153,258	64,238
Other Governments and Citizens Groups	4,686	0	0	4,686	0	4,769	(83)
<u>Total Revenues</u>	<u>\$ 36,060,998</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,060,998</u>	<u>\$ 34,746,917</u>	<u>\$ 35,178,894</u>	<u>\$ 882,104</u>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,115,544	(110,677)	14,644	\$ 19,019,511	\$ 20,147,696	\$ 20,041,348	\$ 1,021,837
Special Education Program	2,435,385	(2,331)	21,838	2,454,892	2,522,661	2,622,466	167,574
Vocational Education Program	913,834	0	691	914,525	970,031	976,327	61,802
<u>Support Services</u>							
Health Services	250,600	0	0	250,600	258,491	259,031	8,431
Other Student Support	1,062,350	0	0	1,062,350	1,140,891	1,142,982	80,632
Regular Instruction Program	1,266,794	(681)	1,308	1,267,421	1,291,071	1,295,703	28,282
Special Education Program	310,582	0	0	310,582	352,375	354,283	43,701
Vocational Education Program	133,659	0	0	133,659	134,254	136,761	3,102
Other Programs	138,873	0	0	138,873	0	138,873	0
Board of Education	562,204	0	0	562,204	550,197	588,007	25,803
Director of Schools	268,776	0	0	268,776	317,116	317,824	49,048
Office of the Principal	873,362	0	0	873,362	878,770	896,180	22,818

(Continued)

Exhibit I-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:		Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2011	Encumbrances 6/30/2012			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Support Services (Cont.)</u>								
Fiscal Services	\$ 58,341	\$ 0	\$ 0	\$ 58,341	\$ 58,029	\$ 58,658	\$ 317	
Operation of Plant	2,259,873	(5,361)	0	2,254,512	2,362,381	2,320,500	65,988	
Maintenance of Plant	281,083	0	968	282,051	198,169	288,169	6,118	
Transportation	1,709,277	(1,674)	1,000	1,708,603	1,691,459	1,728,867	20,264	
Central and Other	714,309	(212)	15,236	729,333	686,868	761,541	32,208	
<u>Operation of Non-Instructional Services</u>								
Community Services	319,792	(24,614)	4,336	299,514	342,638	435,156	135,642	
Early Childhood Education	825,912	0	0	825,912	829,675	830,852	4,940	
Total Expenditures	\$ 33,500,550	\$ (145,550)	\$ 60,021	\$ 33,415,021	\$ 34,732,772	\$ 35,193,528	\$ 1,778,507	
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,560,448	\$ 145,550	\$ (60,021)	\$ 2,645,977	\$ 14,145	\$ (14,634)	\$ 2,660,611	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 7,237	\$ 0	\$ 0	\$ 7,237	\$ 0	\$ 2,829	\$ 4,408	
Total Other Financing Sources (Uses)	\$ 7,237	\$ 0	\$ 0	\$ 7,237	\$ 0	\$ 2,829	\$ 4,408	
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 2,567,685	\$ 145,550	\$ (60,021)	\$ 2,653,214	\$ 14,145	\$ (11,805)	\$ 2,665,019	
Fund Balance, July 1, 2011	4,190,710	(145,550)	0	4,045,160	2,398,900	2,398,900	1,646,260	
Fund Balance, June 30, 2012	\$ 6,758,395	\$ 0	\$ (60,021)	\$ 6,698,374	\$ 2,413,045	\$ 2,387,095	\$ 4,311,279	

Exhibit I-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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 3,439,089	\$ 0	\$ 0	\$ 3,439,089	\$ 3,340,413	\$ 3,654,950	\$ (215,861)
Total Revenues	\$ 3,439,089	\$ 0	\$ 0	\$ 3,439,089	\$ 3,340,413	\$ 3,654,950	\$ (215,861)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,881,697	\$ (23,041)	\$ 0	\$ 1,858,656	\$ 1,938,696	\$ 1,960,021	\$ 101,365
Special Education Program	852,848	(12,647)	0	840,201	809,059	924,936	84,735
Vocational Education Program	72,901	(14,610)	1,103	59,394	55,979	59,394	0
<u>Support Services</u>							
Other Student Support	77,582	0	636	78,218	21,250	84,880	6,662
Regular Instruction Program	306,671	(33)	3,900	310,538	362,552	466,842	156,304
Special Education Program	136,843	(2,689)	0	134,154	149,177	155,177	21,023
Vocational Education Program	3,700	0	0	3,700	3,700	3,700	0
Total Expenditures	\$ 3,332,242	\$ (53,020)	\$ 5,639	\$ 3,284,861	\$ 3,340,413	\$ 3,654,950	\$ 370,089
Excess (Deficiency) of Revenues Over Expenditures	\$ 106,847	\$ 53,020	\$ (5,639)	\$ 154,228	\$ 0	\$ 0	\$ 154,228
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 106,847	\$ 53,020	\$ (5,639)	\$ 154,228	\$ 0	\$ 0	\$ 154,228
	362,848	(53,020)	0	309,828	502,872	502,872	(193,044)
Fund Balance, June 30, 2012	\$ 469,695	\$ 0	\$ (5,639)	\$ 464,056	\$ 502,872	\$ 502,872	\$ (38,816)

Exhibit I-10

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Loudon County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 723,988	\$ 0	\$ 723,988	\$ 841,466	\$ 841,466	\$ (117,478)
Other Local Revenues	2,054	0	2,054	0	0	2,054
State of Tennessee	25,776	0	25,776	27,000	27,000	(1,224)
Federal Government	1,703,214	0	1,703,214	1,711,907	1,711,907	(8,693)
Total Revenues	\$ 2,455,032	\$ 0	\$ 2,455,032	\$ 2,580,373	\$ 2,580,373	\$ (125,341)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,555,974	(439)	\$ 2,555,535	\$ 2,580,373	\$ 2,580,373	\$ 24,838
Total Expenditures	\$ 2,555,974	(439)	\$ 2,555,535	\$ 2,580,373	\$ 2,580,373	\$ 24,838
Excess (Deficiency) of Revenues Over Expenditures	\$ (100,942)	439	(100,503)	0	0	(100,503)
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (100,942)	439	(100,503)	0	0	(100,503)
	1,235,100	(439)	1,234,661	478,380	478,380	756,281
Fund Balance, June 30, 2012	\$ 1,134,158	0	\$ 1,134,158	\$ 478,380	\$ 478,380	\$ 655,778

Exhibit I-11

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Loudon County School Department
Education Capital Projects Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 531,752	\$ 0	\$ 0	\$ 531,752	\$ 300,000	\$ 509,800	\$ 21,952
Other Governments and Citizens Groups	3,333,925	0	0	3,333,925	0	43,000,000	(39,666,075)
Total Revenues	\$ 3,865,677	\$ 0	\$ 0	\$ 3,865,677	\$ 300,000	\$ 43,509,800	\$ (39,644,123)
<u>Expenditures</u>							
<u>Other Debt Service</u>							
Education	\$ 60,137	\$ 0	\$ 0	\$ 60,137	\$ 0	\$ 60,137	\$ 0
Capital Projects	4,813,071	(227,673)	19,336,738	23,922,136	0	43,627,945	19,705,809
Education Capital Projects	\$ 4,873,208	\$ (227,673)	\$ 19,336,738	\$ 23,982,273	\$ 0	\$ 43,688,082	\$ 19,705,809
Total Expenditures	\$ (1,007,531)	\$ 227,673	\$ (19,336,738)	\$ (20,116,596)	\$ 300,000	\$ (178,282)	\$ (19,938,314)
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,007,531)	\$ 227,673	\$ (19,336,738)	\$ (20,116,596)	\$ 300,000	\$ (178,282)	\$ (19,938,314)
Net Change in Fund Balance Fund Balance, July 1, 2011	1,053,334	(227,673)	0	825,661	0	178,282	647,379
Fund Balance, June 30, 2012	\$ 45,803	\$ 0	\$ (19,336,738)	\$ (19,290,935)	\$ 300,000	\$ 0	\$ (19,290,935)

Exhibit I-12

Loudon County, Tennessee
Statement of Net Assets
Discretely Presented Loudon County School Department
Proprietary Fund
June 30, 2012

	Internal Service Fund
	<u>Employee Dental and Vision Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 73,745
Total Assets	<u>\$ 73,745</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Other Current Liabilities	\$ 24,459
Total Liabilities	<u>\$ 24,459</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 49,286</u>
Total Net Assets	<u><u>\$ 49,286</u></u>

Exhibit I-13

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, 2012

	Internal Service Fund
	<u>Employee Dental and Vision Insurance Fund</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 422,741
Total Operating Revenues	<u>\$ 422,741</u>
<u>Operating Expenses</u>	
Medical and Dental Services	\$ 385,220
Total Operating Expenses	<u>\$ 385,220</u>
Operating Income (Loss)	<u>\$ 37,521</u>
Change in Net Assets	\$ 37,521
Net Assets, July 1, 2011	<u>11,765</u>
Net Assets, June 30, 2012	<u><u>\$ 49,286</u></u>

Exhibit I-14

Loudon County, Tennessee
Statement of Cash Flows
Discretely Presented Loudon County School Department
Proprietary Fund
For the Year Ended June 30, 2012

	Internal Service Fund
	<u>Employee Dental and Vision Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 422,741
Payments for Claims	<u>(396,013)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 26,728</u>
Increase (Decrease) in Cash	\$ 26,728
Cash, July 1, 2011	<u>47,017</u>
Cash, June 30, 2012	<u><u>\$ 73,745</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 37,521
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Other Current Liabilities	<u>(10,793)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 26,728</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Loudon County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds
 For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
NOTES PAYABLE								
<u>Payable through Education Debt Service Fund</u>								
Local Government Energy Efficiency Loan Program	\$ 499,981	0%	10-20-05	12-1-12	\$ 142,851	0 \$	71,426 \$	71,425
Capital Outlay Note - Construction Drawings for Schools	900,000	2.62	4-12-10	4-12-13	558,371	0	301,243	257,128
Capital Outlay Note - Architect and Engineering for School Project	1,912,627	3.4	7-22-09	8-30-12	714,033 #	0	658,152	55,881
Total Payable through Education Debt Service Fund					\$ 1,415,255 \$	0 \$	1,030,821 \$	384,434
Total Notes Payable					\$ 1,415,255 \$	0 \$	1,030,821 \$	384,434
OTHER LOANS PAYABLE								
<u>Payable through General Fund</u>								
City of Loudon - Highlands Business Center	475,000	0	5-1-00	(1)	\$ 391,079 \$	0 \$	12,387 \$	378,692
Total Payable through General Fund					\$ 391,079 \$	0 \$	12,387 \$	378,692
<u>Payable through General Debt Service Fund</u>								
Montgomery County PBA Loan	5,000,000	Variable	5-8-03	5-25-18	\$ 2,639,000 \$	0 \$	342,000 \$	2,297,000
Blount County PBA Loan, Series E-3-C - Refunding	2,570,000	Variable	7-31-08	6-1-20	2,055,000	0	180,000	1,875,000
Total Payable through General Debt Service Fund					\$ 4,694,000 \$	0 \$	522,000 \$	4,172,000
<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	\$ 11,380,000 \$	0 \$	545,000 \$	10,835,000
Qualified Zone Academy Bonds - Energy Efficiency	4,129,500	0	12-28-05	12-1-20 (3)	2,753,000	0	275,300	2,477,700
Total Payable through Education Debt Service Fund					\$ 14,133,000 \$	0 \$	820,300 \$	13,312,700
Total Other Loans Payable					\$ 19,218,079 \$	0 \$	1,354,687 \$	17,863,392

(Continued)

Exhibit J-1

Loudon County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-12
BONDS PAYABLE								
Payable through General Debt Service Fund								
General Obligation Refunding Series 2004	\$ 5,225,000	1.8 to 4%	3-31-04	4-1-20	\$ 4,360,000	0	\$ 345,000	\$ 4,015,000
Rural School Bonds, Series 2011	9,995,000	3.17	11-1-11	6-1-36	0	9,995,000	0	9,995,000
Total Bonds Payable					\$ 4,360,000	\$ 9,995,000	\$ 345,000	\$ 14,010,000

- (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. The swap agreement was retained.
- (3) The beginning balance for this bond issue has been restated to decrease \$251,133 from the prior year reported ending balance in order to reflect investment earnings credited to the county's repayment account by the state in prior years.

Exhibit J-2

Loudon County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 384,434	\$ 3,257	\$ 387,691
Total	\$ 384,434	\$ 3,257	\$ 387,691

Year Ending June 30	Other Loans			
	Principal (1)	Interest	Other Fees	Total
2013	\$ 1,403,300	\$ 363,456	\$ 126,328	\$ 1,893,084
2014	1,449,300	342,398	117,464	1,909,162
2015	1,521,300	320,177	108,226	1,949,703
2016	1,574,300	296,659	98,386	1,969,345
2017	1,651,300	271,811	88,116	2,011,227
2018	1,709,300	245,508	77,199	2,032,007
2019	1,340,300	217,718	65,809	1,623,827
2020	1,410,300	190,745	56,273	1,657,318
2021	1,190,300	162,225	46,111	1,398,636
2022	970,000	133,403	37,918	1,141,321
2023	1,025,000	102,848	29,233	1,157,081
2024	1,090,000	70,560	20,056	1,180,616
2025	1,150,000	36,225	10,297	1,196,522
Total	\$ 17,484,700	\$ 2,753,733	\$ 881,416	\$ 21,119,849

(1) Does not include the City of Loudon - Highland Business Center note (\$378,692) since the annual requirements for that note are dependent upon the amount of incremental tax revenues generated within the development each year.

(Continued)

Exhibit J-2

Loudon County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 495,000	\$ 441,888	\$ 936,888
2014	525,000	426,813	951,813
2015	545,000	410,687	955,687
2016	580,000	393,975	973,975
2017	610,000	375,685	985,685
2018	800,000	355,565	1,155,565
2019	835,000	330,415	1,165,415
2020	1,120,000	302,600	1,422,600
2021	500,000	266,800	766,800
2022	500,000	254,800	754,800
2023	500,000	242,300	742,300
2024	500,000	229,300	729,300
2025	500,000	215,800	715,800
2026	500,000	201,800	701,800
2027	500,000	187,300	687,300
2028	500,000	172,300	672,300
2029	500,000	156,800	656,800
2030	500,000	140,800	640,800
2031	500,000	123,800	623,800
2032	600,000	106,800	706,800
2033	600,000	86,400	686,400
2034	600,000	64,800	664,800
2035	600,000	43,200	643,200
2036	600,000	21,600	621,600
Total	\$ 14,010,000	\$ 5,552,228	\$ 19,562,228

Exhibit J-3

Loudon County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2012

From Fund	To Fund	Purpose	Amount
Highway/Public Works	General Debt Service	Debt Retirement	\$ 72,643
Total Transfers			<u>\$ 72,643</u>

Exhibit J-4

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, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 79,028	\$ 50,000	Western Surety Company
Highway Superintendent	Section 8-24-102, TCA	75,265	100,000	"
Director of Schools	State Board of Education and County Board of Education	111,000 (1)	50,000	"
Trustee	Section 8-24-102, TCA	63,954	1,650,300	"
Assessor of Property:	Section 8-24-102, TCA	5,330	10,000	"
Charles Jenkins (7-1-11 through 7-29-11)		8,236		Covered by Blanket Policy
Jane Smith (7-30-11 through 9-18-11)		50,388	10,000	Western Surety Company
Michael Campbell (9-19-11 through 6-30-12)		63,954	25,000	"
Director of Accounts and Budgets	County Commission	53,911	50,000	"
Purchasing Agent	County Commission	63,954	50,000	"
County Clerk	Section 8-24-102, TCA	63,954	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	63,954	50,000	"
Clerk and Master	Section 8-24-102, TCA	63,954	50,000	Ohio Farmers Insurance Company
Register	Section 8-24-102, TCA	63,954	25,000	Western Surety Company
Sheriff	Section 8-24-102, TCA, and County Commission	75,265 (2)	25,000	"
Employee Blanket Bonds - All County Employees:			250,000	Coregis Insurance Organization - Blanket Policy

(1) Includes a chief executive officer training supplement of \$1,000.

(2) Includes a county workhouse supervisor pay of \$4,915.

Exhibit J-5

London County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2012

	Special Revenue Funds							Other Special Revenue
	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	\$ 7,110,851	\$ 0	\$ 252,588	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	182,245	0	6,619	2,197	0	0	0	0
Trustee's Collections - Bankruptcy	22,078	0	663	222	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	220,758	0	1,224	4,050	0	0	0	0
Interest and Penalty	39,246	0	1,402	342	0	0	0	0
Payments in-Lieu-of Taxes - Other	44,714	0	0	0	0	0	0	0
<u>County Local Option Taxes</u>								
Local Option Sales Tax	309,152	0	0	618,302	0	0	0	0
Hotel/Motel Tax	391,428	0	0	0	0	0	0	0
Litigation Tax - General	67,679	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	194,155	4,875	0	0	0	0	0	0
Business Tax	465,868	0	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>								
Wholesale Beer Tax	113,713	0	0	0	0	0	0	0
Total Local Taxes	\$ 9,161,887	\$ 4,875	\$ 262,496	\$ 625,113	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	\$ 53,790	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	290,518	0	0	0	0	0	0	0
<u>Permits</u>								
Beer Permits	2,138	0	0	0	0	0	0	0
Building Permits	128,210	0	0	0	0	0	0	0
Other Permits	17,688	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 492,344	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 326	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-5

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

	General	Special Revenue Funds							Other Special Revenue
		Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Interpreater Fees	\$ 32	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Circuit Court	598	0	0	0	0	0	0	0	0
Courtroom Security Fee	5,099	0	0	0	0	0	0	0	0
<u>Criminal Court</u>									
Fines	9,691	0	0	0	0	0	0	0	0
Officers Costs	23,598	0	0	0	0	0	0	0	0
Drug Control Fines	2,407	0	0	0	0	0	7,020	0	0
Jail Fees	1,733	0	0	0	0	0	0	0	0
DUI Treatment Fines	1,758	0	0	0	0	0	0	0	0
Data Entry Fee - Criminal Court	3,096	0	0	0	0	0	0	0	0
<u>General Sessions Court</u>									
Fines	68,708	0	0	0	0	0	0	0	0
Officers Costs	115,574	0	0	0	0	0	252	0	0
Game and Fish Fines	1,193	0	0	0	0	0	0	0	0
Drug Control Fines	9,690	0	0	0	0	0	9,457	0	0
Jail Fees	9,898	0	0	0	0	0	0	0	0
Interpreater Fees	48	0	0	0	0	0	0	0	0
DUI Treatment Fines	14,029	0	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	11,557	0	0	0	0	0	0	0	0
Courtroom Security Fee	112,205	0	0	0	0	0	0	0	0
<u>Juvenile Court</u>									
Fines	494	0	0	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	134	0	0	0	0	0	0	0	0
<u>Chancery Court</u>									
Officers Costs	12,811	0	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	3,070	0	0	0	0	0	0	0	0
<u>Other Courts - In-county</u>									
Fines	5,400	0	0	0	0	0	0	0	0
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	43,605	0	397

(Continued)

Exhibit J-5

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

	Special Revenue Funds							Other Special Revenue
	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 (Cont.)</u>								
Courtroom Security Fee	\$ 108	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Fines, Forfeitures, and Penalties	400	0	0	0	0	50,227	0	0
Proceeds from Confiscated Property								
Total Fines, Forfeitures, and Penalties	\$ 413,657	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,561	\$ 397	\$ 0
<u>Charges for Current Services</u>								
<u>Fees</u>								
Copy Fees	\$ 0	\$ 0	\$ 4,451	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Library Fees	0	0	4,230	0	0	0	0	0
Greenbelt Late Application Fee	250	0	0	0	0	0	0	0
Telephone Commissions	34,738	0	0	0	0	0	0	0
Vending Machine Collections	59	0	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0	0
Data Processing Fee - Register	20,970	0	0	0	0	0	0	0
Data Processing Fee - Sheriff	9,622	0	0	0	0	11	0	0
Sexual Offender Registration Fees - Sheriff	2,200	0	0	0	0	0	0	0
Data Processing Fee - County Clerk	624	0	0	0	0	0	0	0
Total Charges for Current Services	\$ 68,463	\$ 0	\$ 8,681	\$ 0	\$ 0	\$ 11	\$ 0	\$ 0
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 15,563	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	900	0	0	0	11,237	0	0	0
Sale of Materials and Supplies	850	0	4	0	0	0	0	0
Commissary Sales	12,904	0	0	0	0	0	0	0
Sale of Maps	598	0	0	0	0	0	0	0
Sale of Recycled Materials	0	0	0	128,602	0	0	0	0
Retirees' Insurance Payments	56,452	0	0	793	0	0	0	0
Cobra Insurance Payments	501	0	0	0	0	0	0	0
Miscellaneous Refunds	29,790	0	324	533	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Other Special Revenue
	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	\$ 0	\$ 0
Sale of Equipment	4,222	0	0	0	0	0	0
Damages Recovered from Individuals	4,289	0	0	0	0	0	0
Contributions and Gifts	16,305	0	108	0	0	33,561	0
<u>Other Local Revenues</u>	59,000	0	0	0	0	0	0
Total Other Local Revenues	\$ 201,374	\$ 0	\$ 436	\$ 129,928	\$ 11,237	\$ 33,561	\$ 0
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 417,147	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	94,020	0	0	0	0	0	0
General Sessions Court Clerk	434,213	0	0	0	0	0	0
Clerk and Master	130,074	0	0	0	0	0	0
Register	276,531	0	0	0	0	0	0
Sheriff	15,412	0	0	0	0	0	0
Trustee	815,172	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 2,182,569	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 10,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	10,079	0	0	0	0	0	0
Other General Government Grants	43,617	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	24,600	0	0	0	0	0	0
Health and Welfare Grants							
Health Department Programs	272,626	0	0	0	0	0	0
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds							Other Special Revenue
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control		
<u>State of Tennessee (Cont.)</u>								
<u>Public Works Grants (Cont.)</u>								
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Litter Program	0	0	0	54,429	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	0	0
Other Public Works Grants	0	0	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	787,060	0	0	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0	0	0
Alcoholic Beverage Tax	60,268	0	0	0	0	0	0	0
Mixed Drink Tax	9,997	0	0	0	0	0	0	0
Contracted Prisoner Boarding	114,380	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0
State Shared Sales Tax - Cities	3,060	0	0	0	0	0	0	0
Other State Grants	0	0	1,500	0	0	0	0	0
Other State Revenues	7,999	0	0	19,107	0	0	0	0
Total State of Tennessee	\$ 1,377,871	\$ 0	\$ 1,500	\$ 73,536	\$ 0	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>								
<u>Federal Through State</u>								
Civil Defense Reimbursement	\$ 33,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Disaster Relief	0	0	0	0	0	0	0	0
Homeland Security Grants	433,018	0	0	0	0	0	0	0
Law Enforcement Grants	27,131	0	0	0	0	0	0	0
Other Federal through State	45,201	0	0	0	0	0	0	0
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	0	0	0	0	0	4,973	0	0
Total Federal Government	\$ 538,850	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,973	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds							Other Special Revenue
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control		
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 3,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	8,282	0	28,660	0	0	0	0	0
Contracted Services	36,200	0	0	0	0	0	0	0
<u>Citizens Groups</u>								
Donations	11,590	0	1,110	0	0	500	0	0
Other	9,216	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 68,488	\$ 0	\$ 29,770	\$ 0	\$ 0	\$ 500	\$ 0	0
Total	\$ 14,505,503	\$ 4,875	\$ 302,883	\$ 828,577	\$ 11,237	\$ 149,606	\$ 397	

(Continued)

Exhibit J-5

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Constitutional Officers - Fees	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	\$ 505,150	\$ 1,094,495	\$ 5,027,100	\$ 252,562	\$ 294,662	\$ 14,537,408			
Trustee's Collections - Prior Year	0	14,281	28,562	46,764	6,591	7,690	294,949			
Trustee's Collections - Bankruptcy	0	1,607	3,702	6,322	829	774	36,197			
Circuit/Clerk & Master Collections - Prior Years	0	11,898	30,954	27,927	7,973	1,429	306,213			
Interest and Penalty	0	2,986	6,795	15,098	1,417	1,637	68,923			
Payments in-Lieu-of Taxes - Other	0	0	20,350	0	0	0	65,064			
<u>County Local Option Taxes</u>										
Local Option Sales Tax	0	0	0	0	0	0	927,454			
Hotel/Motel Tax	0	0	0	0	0	0	391,428			
Litigation Tax - General	0	0	0	0	0	0	67,679			
Litigation Tax - Special Purpose	0	0	0	0	0	0	199,030			
Business Tax	0	0	0	0	0	0	465,868			
Mineral Severance Tax	0	46,504	0	0	0	0	46,504			
<u>Statutory Local Taxes</u>										
Wholesale Beer Tax	0	0	0	0	0	0	113,713			
Total Local Taxes	\$ 0	\$ 582,426	\$ 1,184,858	\$ 5,123,211	\$ 269,372	\$ 306,192	\$ 17,520,430			
<u>Licenses and Permits</u>										
<u>Licenses</u>										
Animal Registration	0	0	0	0	0	0	53,790			
Cable TV Franchise	0	0	0	0	0	0	290,518			
<u>Permits</u>										
Beer Permits	0	0	0	0	0	0	2,138			
Building Permits	0	0	0	0	0	0	128,210			
Other Permits	0	0	0	0	0	0	17,688			
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 492,344			
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>	\$ 0	0	0	0	0	0	326			
Fines										

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Highway Capital Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Interpreter Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	32	
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	598	
Courtroom Security Fee	0	0	0	0	0	0	0	5,099	
<u>Criminal Court</u>									
Fines	0	0	0	0	0	0	0	9,691	
Officers Costs	0	0	0	0	0	0	0	23,598	
Drug Control Fines	0	0	0	0	0	0	0	9,427	
Jail Fees	0	0	0	0	0	0	0	1,733	
DUI Treatment Fines	0	0	0	0	0	0	0	1,758	
Data Entry Fee - Criminal Court	0	0	0	0	0	0	0	3,096	
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	68,708	
Officers Costs	0	0	0	0	0	0	0	115,826	
Game and Fish Fines	0	0	0	0	0	0	0	1,193	
Drug Control Fines	0	0	0	0	0	0	0	19,147	
Jail Fees	0	0	0	0	0	0	0	9,898	
Interpreter Fees	0	0	0	0	0	0	0	48	
DUI Treatment Fines	0	0	0	0	0	0	0	14,029	
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	11,557	
Courtroom Security Fee	0	0	0	0	0	0	0	112,205	
<u>Juvenile Court</u>									
Fines	0	0	0	0	0	0	0	494	
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	134	
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	12,811	
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	3,070	
<u>Other Courts - In-county</u>									
Fines	0	0	0	0	0	0	0	5,400	
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	0	44,002	

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program (Cont.)</u>							
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	108
Proceeds from Confiscated Property	0	0	0	0	0	0	50,627
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 524,615
<u>Charges for Current Services</u>							
<u>Fees</u>							
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,451
Library Fees	0	0	0	0	0	0	4,230
Greenbelt Late Application Fee	0	0	0	0	0	0	250
Telephone Commissions	0	0	0	0	0	0	34,738
Vending Machine Collections	0	0	0	0	0	0	59
Constitutional Officers' Fees and Commissions	843	0	0	0	0	0	843
Data Processing Fee - Register	0	0	0	0	0	0	20,970
Data Processing Fee - Sheriff	0	0	0	0	0	0	9,633
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	2,200
Data Processing Fee - County Clerk	0	0	0	0	0	0	624
<u>Total Charges for Current Services</u>	\$ 843	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,998
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 4,150	\$ 65,144	\$ 0	\$ 0	84,857
Lease/Rentals	0	0	0	0	0	0	12,137
Sale of Materials and Supplies	0	11,737	0	0	0	0	12,591
Commissary Sales	0	0	0	0	0	0	12,904
Sale of Maps	0	0	0	0	0	0	598
Sale of Recycled Materials	0	0	0	0	0	0	128,602
Retirees' Insurance Payments	0	8,701	0	0	0	0	65,946
Cobra Insurance Payments	0	0	0	0	0	0	501
Miscellaneous Refunds	0	3,364	0	0	0	0	34,011

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds		Total
	Constitutional Officers - Fees	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	\$ 31,950	\$ 0	\$ 0	\$ 0	\$ 31,950
Sale of Equipment	0	0	0	0	0	0	4,222
Damages Recovered from Individuals	0	0	0	0	0	32,425	36,714
Contributions and Gifts	0	0	0	0	456	0	50,430
<u>Other Local Revenues</u>	0	0	0	0	0	0	59,000
Total Other Local Revenues	\$ 0	\$ 23,802	\$ 36,100	\$ 65,144	\$ 456	\$ 32,425	\$ 534,463
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 417,147
Circuit Court Clerk	0	0	0	0	0	0	94,020
General Sessions Court Clerk	0	0	0	0	0	0	434,213
Clerk and Master	0	0	0	0	0	0	130,074
Register	0	0	0	0	0	0	276,531
Sheriff	0	0	0	0	0	0	15,412
Trustee	0	0	0	0	0	0	815,172
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,182,569
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,600
Aging Programs	0	0	0	0	0	0	10,079
Other General Government Grants	0	0	0	0	0	0	43,617
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	24,600
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	272,626
<u>Public Works Grants</u>							
Bridge Program	0	168,345	0	0	0	0	168,345

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds		Total
	Constitutional Officers - Fees	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 (Cont.)</u>							
State Aid Program	\$ 0	\$ 366,215	\$ 0	\$ 0	\$ 0	\$ 0	\$ 366,215
Litter Program	0	0	0	0	0	0	54,429
Tennessee Industrial Infrastructure Program	0	0	0	0	11,385	0	11,385
Other Public Works Grants	0	9,863	0	0	0	0	9,863
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	787,060
Beer Tax	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	0	0	60,268
Mixed Drink Tax	0	0	0	0	0	0	9,997
Contracted Prisoner Boarding	0	0	0	0	0	0	114,380
Gasoline and Motor Fuel Tax	0	1,576,413	0	0	0	0	1,576,413
Petroleum Special Tax	0	35,035	0	0	0	0	35,035
Registrar's Salary Supplement	0	0	0	0	0	0	15,164
State Shared Sales Tax - Cities	0	0	0	0	0	0	3,060
Other State Grants	0	0	0	0	0	0	1,500
Other State Revenues	0	0	0	0	0	0	27,106
<u>Total State of Tennessee</u>	\$ 0	\$ 2,155,871	\$ 0	\$ 0	\$ 11,385	\$ 0	\$ 3,620,163
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,500
Disaster Relief	0	85,907	0	0	0	0	85,907
Homeland Security Grants	0	0	0	0	0	0	433,018
Law Enforcement Grants	0	0	0	0	0	0	27,131
Other Federal through State	0	0	0	0	0	0	45,201
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	0	4,973
<u>Total Federal Government</u>	\$ 0	\$ 85,907	\$ 0	\$ 0	\$ 0	\$ 0	\$ 629,730

(Continued)

Exhibit J-5

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Constituti- onal Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Highway Capital Projects				
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,200	
Contributions	0	0	0	60,137	0	0	0	0	97,079	
Contracted Services	0	20,287	290,723	0	341,558	0	0	0	688,768	
<u>Citizens Groups</u>										
Donations	0	0	0	0	305	0	0	0	13,505	
<u>Other</u>										
Other	0	0	0	0	0	0	0	0	9,216	
Total Other Governments and Citizens Groups	\$ 0	\$ 20,287	\$ 290,723	\$ 60,137	\$ 341,863	\$ 0	\$ 0	\$ 0	\$ 811,768	
Total	\$ 843	\$ 2,868,293	\$ 1,511,681	\$ 5,248,492	\$ 623,076	\$ 338,617	\$ 26,394,080			

Exhibit J-6

Loudon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 10,037,784	\$ 0	\$ 0	\$ 0	\$ 10,037,784
Trustee's Collections - Prior Year	262,206	0	0	0	262,206
Trustee's Collections - Bankruptcy	29,686	0	0	0	29,686
Circuit/Clerk & Master Collections - Prior Years	227,838	0	0	0	227,838
Interest and Penalty	55,956	0	0	0	55,956
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,281,063	0	0	0	3,281,063
Adequate Facilities/Development Tax	0	0	0	531,752	531,752
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	3,396	0	0	0	3,396
Total Local Taxes	\$ 13,897,929	\$ 0	\$ 0	\$ 531,752	\$ 14,429,681
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,344	\$ 0	\$ 0	\$ 0	\$ 1,344
Total Licenses and Permits	\$ 1,344	\$ 0	\$ 0	\$ 0	\$ 1,344
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 428,494	\$ 0	\$ 428,494
Lunch Payments - Adults	0	0	66,296	0	66,296
Income from Breakfast	0	0	136,583	0	136,583
A la carte Sales	0	0	27,782	0	27,782
Receipts from Individual Schools	11,948	0	64,833	0	76,781
Community Service Fees - Children	14,047	0	0	0	14,047
Total Charges for Current Services	\$ 25,995	\$ 0	\$ 723,988	\$ 0	\$ 749,983
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 10,712	\$ 0	\$ 1,994	\$ 0	\$ 12,706
Sale of Recycled Materials	197	0	0	0	197
Refund of Telecommunication and Internet Fees (E-Rate)	4,536	0	0	0	4,536
Retirees' Insurance Payments	50,085	0	0	0	50,085
Cobra Insurance Payments	264	0	0	0	264
Miscellaneous Refunds	715	0	0	0	715
<u>Nonrecurring Items</u>					
Sale of Equipment	2,386	0	60	0	2,446
Total Other Local Revenues	\$ 68,895	\$ 0	\$ 2,054	\$ 0	\$ 70,949
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 138,873	\$ 0	\$ 0	\$ 0	\$ 138,873
<u>State Education Funds</u>					
Basic Education Program	19,056,000	0	0	0	19,056,000
Early Childhood Education	794,125	0	0	0	794,125
School Food Service	0	0	25,776	0	25,776
Other State Education Funds	376,776	0	0	0	376,776
Career Ladder Program	171,500	0	0	0	171,500

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder - Extended Contract	\$ 118,400	\$ 0	\$ 0	\$ 0	\$ 118,400
<u>Other State Revenues</u>					
Mixed Drink Tax	6,772	0	0	0	6,772
State Revenue Sharing - T.V.A.	1,157,628	0	0	0	1,157,628
Other State Grants	1,803	0	0	0	1,803
Safe Schools - ARRA	21,500	0	0	0	21,500
Other State Revenues	1,276	0	0	0	1,276
Total State of Tennessee	\$ 21,844,653	\$ 0	\$ 25,776	\$ 0	\$ 21,870,429
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,121,930	\$ 0	\$ 1,121,930
Breakfast	0	0	384,607	0	384,607
USDA - Other	0	0	54,375	0	54,375
Vocational Education - Basic Grants to States	0	87,510	0	0	87,510
Title I Grants to Local Education Agencies	0	1,073,708	0	0	1,073,708
Special Education - Grants to States	66,297	967,424	0	0	1,033,721
Special Education Preschool Grants	21,962	13,727	0	0	35,689
English Language Acquisition Grants	0	23,365	0	0	23,365
Eisenhower Professional Development State Grants	0	119,357	0	0	119,357
Disaster Relief	750	0	0	0	750
Race-to-the-Top - ARRA	0	129,566	0	0	129,566
Other Federal through State	62,090	1,024,432	142,302	0	1,228,824
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	66,397	0	0	0	66,397
Total Federal Government	\$ 217,496	\$ 3,439,089	\$ 1,703,214	\$ 0	\$ 5,359,799
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 3,333,925	\$ 3,333,925
<u>Citizens Groups</u>					
Donations	4,686	0	0	0	4,686
Total Other Governments and Citizens Groups	\$ 4,686	\$ 0	\$ 0	\$ 3,333,925	\$ 3,338,611
Total	\$ 36,060,998	\$ 3,439,089	\$ 2,455,032	\$ 3,865,677	\$ 45,820,796

Exhibit J-7

Loudon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	79,030	
Social Security		4,739	
State Retirement		3,762	
Life Insurance		152	
Medical Insurance		9,469	
Dental Insurance		3,509	
Employer Medicare		1,108	
Advertising		458	
Consultants		7,135	
Dues and Memberships		10,966	
Travel		4,900	
Office Supplies		353	
Other Supplies and Materials		1,602	
Workers' Compensation Insurance		7,252	
In Service/Staff Development		1,596	
Total County Commission			\$ 136,031

Board of Equalization

Board and Committee Members Fees	\$	1,890	
Travel		373	
Total Board of Equalization			2,263

Beer Board

Board and Committee Members Fees	\$	1,716	
Advertising		171	
Legal Services		1,675	
Total Beer Board			3,562

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)		37,563	
Temporary Personnel		1,280	
Social Security		7,020	
State Retirement		11,100	
Life Insurance		639	
Medical Insurance		20,987	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Dental Insurance	\$	1,591	
Employer Medicare		1,642	
Advertising		135	
Communication		2,775	
Dues and Memberships		1,600	
Postal Charges		171	
Printing, Stationery, and Forms		164	
Travel		3,490	
Office Supplies		460	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		1,450	
In Service/Staff Development		497	
Furniture and Fixtures		2,800	
Office Equipment		938	
Total County Mayor/Executive			\$ 175,505

Personnel Office

Supervisor/Director	\$	4,105	
Clerical Personnel		36,989	
Social Security		2,462	
State Retirement		3,912	
Life Insurance		200	
Medical Insurance		7,894	
Dental Insurance		796	
Employer Medicare		576	
Dues and Memberships		60	
Medical and Dental Services		3,382	
Postal Charges		142	
Printing, Stationery, and Forms		2,997	
Travel		1,124	
Office Supplies		462	
Other Supplies and Materials		18	
Workers' Compensation Insurance		725	
In Service/Staff Development		424	
Total Personnel Office			66,268

County Attorney

Legal Services	\$	5,000	
Other Contracted Services		97,628	
Total County Attorney			102,628

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	57,559	
Secretary(ies)		36,707	
Temporary Personnel		10,993	
Overtime Pay		1,457	
Election Commission		11,690	
Election Workers		31,993	
Social Security		8,301	
State Retirement		9,096	
Life Insurance		570	
Medical Insurance		19,443	
Dental Insurance		1,433	
Unemployment Compensation		385	
Employer Medicare		1,959	
Advertising		3,742	
Communication		2,842	
Dues and Memberships		225	
Operating Lease Payments		1,868	
Licenses		3,015	
Maintenance and Repair Services - Equipment		743	
Postal Charges		11,922	
Printing, Stationery, and Forms		6,349	
Travel		7,106	
Other Contracted Services		14,469	
Office Supplies		5,884	
Workers' Compensation Insurance		1,450	
Office Equipment		5,657	
Total Election Commission			\$ 256,858

Register of Deeds

County Official/Administrative Officer	\$	63,954
Clerical Personnel		121,580
Social Security		10,941
State Retirement		17,663
Life Insurance		1,233
Medical Insurance		57,907
Dental Insurance		3,569
Employer Medicare		2,561
Communication		1,014
Dues and Memberships		622
Operating Lease Payments		3,229

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Postal Charges	\$	1,050	
Travel		1,026	
Other Contracted Services		15,098	
Office Supplies		1,740	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		3,626	
Total Register of Deeds			\$ 306,913

Planning

Assistant(s)	\$	126,971	
Supervisor/Director		68,930	
Secretary(ies)		31,591	
Social Security		13,537	
State Retirement		21,657	
Life Insurance		1,478	
Medical Insurance		63,994	
Dental Insurance		4,319	
Employer Medicare		3,169	
Advertising		294	
Communication		3,196	
Consultants		100	
Dues and Memberships		580	
Operating Lease Payments		2,645	
Maintenance and Repair Services - Vehicles		285	
Postal Charges		659	
Printing, Stationery, and Forms		1,129	
Travel		594	
Gasoline		7,642	
Office Supplies		838	
Tires and Tubes		631	
Workers' Compensation Insurance		3,626	
In Service/Staff Development		925	
Total Planning			358,790

Geographical Information Systems

Supervisor/Director	\$	37,772	
Social Security		2,207	
State Retirement		3,596	
Life Insurance		200	
Medical Insurance		10,493	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems (Cont.)

Dental Insurance	\$	796	
Employer Medicare		517	
Maintenance and Repair Services - Office Equipment		293	
Other Contracted Services		3,000	
Workers' Compensation Insurance		725	
Office Equipment		451	
Total Geographical Information Systems			\$ 60,050

County Buildings

Supervisor/Director	\$	42,762	
Laborers		301,329	
Custodial Personnel		19,441	
Overtime Pay		4,748	
Social Security		21,578	
State Retirement		35,060	
Life Insurance		2,907	
Medical Insurance		138,459	
Dental Insurance		7,391	
Employer Medicare		5,055	
Communication		18,261	
Operating Lease Payments		2,460	
Maintenance and Repair Services - Buildings		74,817	
Maintenance and Repair Services - Vehicles		7,907	
Pest Control		7,000	
Other Contracted Services		174,241	
Custodial Supplies		7,281	
Diesel Fuel		928	
Duplicating Supplies		9,432	
Gasoline		21,397	
Office Supplies		1,207	
Tires and Tubes		1,273	
Uniforms		5,082	
Utilities		275,406	
Other Supplies and Materials		497	
Workers' Compensation Insurance		7,977	
Maintenance Equipment		2,884	
Office Equipment		1,347	
Total County Buildings			1,198,127

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Building and Contents Insurance	\$ 242,177	
Total Other General Administration		\$ 242,177

Finance

Accounting and Budgeting

Supervisor/Director	\$ 63,954	
Accountants/Bookkeepers	214,945	
Salary Supplements	4,976	
Part-time Personnel	10,402	
Overtime Pay	9,168	
Social Security	18,166	
State Retirement	27,587	
Life Insurance	1,922	
Medical Insurance	72,856	
Dental Insurance	4,264	
Employer Medicare	4,252	
Advertising	80	
Audit Services	14,567	
Communication	2,196	
Dues and Memberships	25	
Operating Lease Payments	2,749	
Legal Notices, Recording, and Court Costs	1,010	
Postal Charges	3,921	
Printing, Stationery, and Forms	4,004	
Travel	1,568	
Other Contracted Services	14,273	
Office Supplies	7,862	
Premiums on Corporate Surety Bonds	100	
Workers' Compensation Insurance	5,076	
In Service/Staff Development	1,099	
Office Equipment	228	
Total Accounting and Budgeting		491,250

Purchasing

Supervisor/Director	\$ 53,911
Purchasing Personnel	72,871
Part-time Personnel	1,408
Overtime Pay	1,143
Social Security	7,778
State Retirement	12,179

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Life Insurance	\$	587	
Medical Insurance		20,538	
Dental Insurance		1,388	
Employer Medicare		1,820	
Advertising		841	
Communication		2,185	
Dues and Memberships		478	
Operating Lease Payments		1,993	
Legal Notices, Recording, and Court Costs		13	
Postal Charges		371	
Printing, Stationery, and Forms		611	
Travel		1,126	
Other Contracted Services		300	
Office Supplies		1,463	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		2,176	
In Service/Staff Development		1,000	
Office Equipment		918	
Total Purchasing			\$ 187,273

Property Assessor's Office

County Official/Administrative Officer	\$	63,954
Secretary(ies)		124,720
Overtime Pay		312
Social Security		11,078
State Retirement		17,991
Life Insurance		1,148
Medical Insurance		55,231
Dental Insurance		4,164
Employer Medicare		2,595
Communication		1,654
Data Processing Services		8,103
Dues and Memberships		1,671
Operating Lease Payments		1,601
Legal Notices, Recording, and Court Costs		100
Maintenance Agreements		12,832
Maintenance and Repair Services - Vehicles		96
Postal Charges		1,411
Printing, Stationery, and Forms		525
Travel		529

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Contracted Services	\$	13,685	
Gasoline		1,162	
Office Supplies		5,427	
Tires and Tubes		555	
Workers' Compensation Insurance		4,351	
In Service/Staff Development		450	
Total Property Assessor's Office			\$ 335,345

County Trustee's Office

County Official/Administrative Officer	\$	63,954	
Clerical Personnel		94,760	
Temporary Personnel		15,455	
Overtime Pay		284	
Social Security		10,351	
State Retirement		15,135	
Life Insurance		697	
Medical Insurance		34,632	
Dental Insurance		2,683	
Employer Medicare		2,424	
Communication		1,101	
Dues and Memberships		822	
Operating Lease Payments		1,556	
Legal Notices, Recording, and Court Costs		200	
Maintenance Agreements		6,698	
Postal Charges		12,974	
Printing, Stationery, and Forms		965	
Travel		650	
Other Contracted Services		14,364	
Office Supplies		3,007	
Premiums on Corporate Surety Bonds		8,502	
Workers' Compensation Insurance		2,901	
In Service/Staff Development		125	
Office Equipment		425	
Total County Trustee's Office			294,665

County Clerk's Office

County Official/Administrative Officer	\$	63,954
Clerical Personnel		194,804
Temporary Personnel		4,440
Part-time Personnel		25,664

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Social Security	\$	17,253	
State Retirement		24,576	
Life Insurance		2,074	
Medical Insurance		81,246	
Dental Insurance		5,417	
Employer Medicare		4,038	
Communication		1,750	
Dues and Memberships		962	
Operating Lease Payments		2,601	
Postal Charges		9,557	
Printing, Stationery, and Forms		1,423	
Travel		1,228	
Other Contracted Services		14,705	
Office Supplies		4,139	
Premiums on Corporate Surety Bonds		250	
Workers' Compensation Insurance		5,802	
Office Equipment		1,449	
Total County Clerk's Office			\$ 467,332

Data Processing

Computer Programmer(s)	\$	41,927	
Social Security		2,435	
State Retirement		3,992	
Life Insurance		194	
Medical Insurance		9,469	
Dental Insurance		796	
Employer Medicare		571	
Communication		6,535	
Other Contracted Services		3,584	
Office Supplies		489	
Workers' Compensation Insurance		725	
Data Processing Equipment		4,644	
Office Equipment		1,331	
Total Data Processing			76,692

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Clerical Personnel		121,531	
Overtime Pay		2,595	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Social Security	\$	11,268	
State Retirement		17,905	
Life Insurance		1,238	
Medical Insurance		42,272	
Dental Insurance		2,931	
Employer Medicare		2,638	
Communication		1,094	
Dues and Memberships		662	
Operating Lease Payments		3,338	
Legal Notices, Recording, and Court Costs		154	
Postal Charges		3,399	
Printing, Stationery, and Forms		2,197	
Travel		1,383	
Other Contracted Services		7,706	
Office Supplies		2,737	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		3,626	
In Service/Staff Development		750	
Total Circuit Court			\$ 293,553

General Sessions Court

Clerical Personnel	\$	266,281
Temporary Personnel		17,073
Part-time Personnel		20,692
Overtime Pay		3,908
Other Salaries and Wages		28,038
Social Security		20,116
State Retirement		28,349
Life Insurance		2,110
Medical Insurance		61,500
Dental Insurance		4,846
Employer Medicare		4,709
Communication		2,720
Dues and Memberships		280
Operating Lease Payments		5,098
Maintenance Agreements		840
Postal Charges		4,107
Printing, Stationery, and Forms		4,641
Travel		1,800
Other Contracted Services		9,166

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Office Supplies	\$	6,045	
Workers' Compensation Insurance		7,252	
In Service/Staff Development		750	
Data Processing Equipment		9,954	
Furniture and Fixtures		740	
Total General Sessions Court			\$ 511,015

General Sessions Judge

County Official/Administrative Officer	\$	140,895	
Clerical Personnel		47,794	
Temporary Personnel		600	
Overtime Pay		46	
Social Security		9,563	
State Retirement		17,968	
Life Insurance		543	
Medical Insurance		15,713	
Dental Insurance		1,718	
Employer Medicare		2,715	
Communication		360	
Dues and Memberships		155	
Evaluation and Testing		600	
Travel		1,884	
Office Supplies		1,425	
Workers' Compensation Insurance		1,450	
In Service/Staff Development		465	
Office Equipment		566	
Total General Sessions Judge			244,460

Chancery Court

County Official/Administrative Officer	\$	63,954	
Clerical Personnel		64,582	
Temporary Personnel		9,040	
Social Security		8,318	
State Retirement		12,236	
Life Insurance		399	
Medical Insurance		47,541	
Dental Insurance		3,309	
Employer Medicare		1,946	
Communication		1,068	
Dues and Memberships		662	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Operating Lease Payments	\$	1,257	
Maintenance Agreements		580	
Postal Charges		10,000	
Printing, Stationery, and Forms		2,048	
Travel		960	
Office Supplies		1,082	
Premiums on Corporate Surety Bonds		236	
Workers' Compensation Insurance		2,176	
In Service/Staff Development		225	
Office Equipment		2,942	
Total Chancery Court			\$ 234,561

Juvenile Court

Supervisor/Director	\$	63,085	
Social Workers		166,342	
Part-time Personnel		13,203	
Overtime Pay		2,243	
Social Security		14,887	
State Retirement		21,998	
Life Insurance		1,186	
Medical Insurance		33,059	
Dental Insurance		2,911	
Employer Medicare		3,484	
Communication		4,747	
Contracts with Government Agencies		9,960	
Operating Lease Payments		2,231	
Maintenance and Repair Services - Vehicles		775	
Postal Charges		135	
Travel		4,398	
Other Contracted Services		32,552	
Gasoline		4,088	
Office Supplies		1,999	
Tires and Tubes		457	
Other Supplies and Materials		861	
Workers' Compensation Insurance		4,351	
In Service/Staff Development		2,662	
Communication Equipment		200	
Office Equipment		167	
Total Juvenile Court			391,981

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Jury and Witness Expense	\$	10,653	
Other Contracted Services		1,338	
Furniture and Fixtures		582	
Total Other Administration of Justice			\$ 12,573

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	75,265
Assistant(s)		109,545
Deputy(ies)		1,077,008
Investigator(s)		179,048
Captain(s)		48,747
Sergeant(s)		129,635
Salary Supplements		25,200
Secretary(ies)		30,401
Clerical Personnel		86,571
Custodial Personnel		5,803
Part-time Personnel		64,966
School Resource Officer		152,178
Overtime Pay		109,776
Social Security		126,044
State Retirement		256,988
Life Insurance		13,318
Medical Insurance		507,762
Dental Insurance		33,532
Employer Medicare		29,514
Communication		12,235
Dues and Memberships		2,700
Operating Lease Payments		1,728
Maintenance and Repair Services - Equipment		1,237
Maintenance and Repair Services - Vehicles		97,672
Postal Charges		3,475
Printing, Stationery, and Forms		2,613
Tow-in Services		2,062
Travel		8,554
Other Contracted Services		12,724
Drugs and Medical Supplies		495
Gasoline		284,537
Office Supplies		7,857
Tires and Tubes		21,959

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Uniforms	\$	12,147	
Other Supplies and Materials		12,335	
Premiums on Corporate Surety Bonds		125	
Workers' Compensation Insurance		34,088	
In Service/Staff Development		8,890	
Communication Equipment		27,612	
Law Enforcement Equipment		20,000	
Motor Vehicles		43	
Office Equipment		6,574	
Total Sheriff's Department	\$		3,642,963

Special Patrols

Communication	\$	1,592	
Law Enforcement Supplies		2,269	
Communication Equipment		400	
Law Enforcement Equipment		10,523	
Total Special Patrols			14,784

Traffic Control

Utilities	\$	1,214	
Total Traffic Control			1,214

Administration of the Sexual Offender Registry

Travel	\$	285	
Other Supplies and Materials		45	
Total Administration of the Sexual Offender Registry			330

Jail

Lieutenant(s)	\$	44,387	
Guards		599,959	
Cafeteria Personnel		38,572	
Overtime Pay		65,145	
Social Security		45,015	
State Retirement		70,616	
Life Insurance		4,027	
Medical Insurance		174,669	
Dental Insurance		10,084	
Employer Medicare		10,537	
Operating Lease Payments		2,475	
Postal Charges		88	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Printing, Stationery, and Forms	\$	580	
Rentals		200	
Travel		1,479	
Other Contracted Services		608	
Custodial Supplies		11,756	
Drugs and Medical Supplies		262,279	
Food Preparation Supplies		223	
Food Supplies		146,971	
Office Supplies		5,663	
Uniforms		4,142	
Chemicals		646	
Other Supplies and Materials		16,924	
Workers' Compensation Insurance		15,229	
Other Charges		160	
Office Equipment		361	
Total Jail			\$ 1,532,795

Juvenile Services

Other Salaries and Wages	\$	15,496	
Other Per Diem and Fees		1,805	
Social Security		939	
State Retirement		1,475	
Employer Medicare		220	
Other Supplies and Materials		55	
Total Juvenile Services			19,990

Rural Fire Protection

Contributions	\$	166,750	
Total Rural Fire Protection			166,750

Civil Defense

Supervisor/Director	\$	50,000	
Secretary(ies)		26,805	
Social Security		4,710	
State Retirement		7,312	
Life Insurance		394	
Medical Insurance		5,278	
Dental Insurance		1,092	
Employer Medicare		1,102	
Communication		1,982	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Maintenance and Repair Services - Vehicles	\$	1,162	
Postal Charges		5	
Travel		188	
Other Contracted Services		2,377	
Crushed Stone		311	
Gasoline		5,884	
Office Supplies		1,996	
Tires and Tubes		598	
Uniforms		836	
Other Supplies and Materials		80	
Workers' Compensation Insurance		1,450	
In Service/Staff Development		1,050	
Total Civil Defense			\$ 114,612

Rescue Squad

Contributions	\$	2,000	
Total Rescue Squad			2,000

Other Emergency Management

Other Contracted Services	\$	1,341	
Communication Equipment		144,453	
Total Other Emergency Management			145,794

County Coroner/Medical Examiner

Medical Personnel	\$	9,000	
Other Contracted Services		48,000	
Total County Coroner/Medical Examiner			57,000

Other Public Safety

Medical Insurance	\$	5,371	
Contributions		545,500	
Total Other Public Safety			550,871

Public Health and Welfare

Local Health Center

Assistant(s)	\$	22,139	
Social Security		1,248	
State Retirement		2,108	
Life Insurance		194	
Medical Insurance		13,253	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Dental Insurance	\$	796	
Employer Medicare		292	
Communication		3,681	
Contributions		3,700	
Dues and Memberships		200	
Operating Lease Payments		1,368	
Postal Charges		1,208	
Travel		930	
Other Contracted Services		5,578	
Drugs and Medical Supplies		44,081	
Office Supplies		4,836	
Other Supplies and Materials		1,177	
Workers' Compensation Insurance		725	
In Service/Staff Development		798	
Furniture and Fixtures		700	
Total Local Health Center			\$ 109,012

Rabies and Animal Control

Assistant(s)	\$	6,139
Supervisor/Director		29,730
Part-time Personnel		17,938
Overtime Pay		7,745
Other Salaries and Wages		92,971
Social Security		8,991
State Retirement		12,990
Life Insurance		850
Medical Insurance		46,907
Dental Insurance		2,889
Unemployment Compensation		170
Employer Medicare		2,106
Communication		2,520
Licenses		740
Maintenance and Repair Services - Vehicles		2,524
Postal Charges		86
Printing, Stationery, and Forms		145
Travel		251
Veterinary Services		14,860
Other Contracted Services		160
Animal Food and Supplies		8,692
Custodial Supplies		3,012

(Continued)

Exhibit J-7

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.)

Gasoline	\$	7,239	
Office Supplies		674	
Tires and Tubes		772	
Uniforms		1,552	
Utilities		9,086	
Other Supplies and Materials		1,299	
Workers' Compensation Insurance		3,626	
In Service/Staff Development		496	
Office Equipment		170	
Total Rabies and Animal Control	\$		287,330

Other Local Health Services

Other Salaries and Wages	\$	176,525	
Social Security		10,455	
State Retirement		14,259	
Life Insurance		980	
Medical Insurance		76,759	
Dental Insurance		4,310	
Employer Medicare		2,448	
Travel		8,622	
Workers' Compensation Insurance		5,076	
Total Other Local Health Services			299,434

Other Local Welfare Services

Medical Insurance	\$	447	
Total Other Local Welfare Services			447

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$	2,500	
Total Adult Activities			2,500

Senior Citizens Assistance

Assistant(s)	\$	38,057	
Secretary(ies)		29,002	
Part-time Personnel		10,714	
Other Salaries and Wages		44,349	
Social Security		7,237	
State Retirement		10,606	
Life Insurance		943	

(Continued)

Exhibit J-7

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.)

Medical Insurance	\$	18,294	
Dental Insurance		3,024	
Employer Medicare		1,694	
Communication		2,093	
Operating Lease Payments		1,550	
Maintenance and Repair Services - Vehicles		628	
Postal Charges		132	
Travel		876	
Other Contracted Services		2,897	
Custodial Supplies		71	
Gasoline		1,957	
Office Supplies		613	
Tires and Tubes		1,040	
Utilities		14,048	
Workers' Compensation Insurance		2,901	
Office Equipment		7,100	
Other Equipment		45	
Total Senior Citizens Assistance			\$ 199,871

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	4,599	
Contracts with Government Agencies		130,734	
Operating Lease Payments		1,452	
Office Supplies		949	
Other Supplies and Materials		275	
Office Equipment		1,899	
Total Agriculture Extension Service			139,908

Soil Conservation

Clerical Personnel	\$	11,372	
Social Security		705	
Employer Medicare		165	
Communication		444	
Travel		518	
Total Soil Conservation			13,204

Flood Control

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Storm Water Management

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

Other Operations

Tourism

Contributions	\$ 110,146	
Total Tourism		110,146

Industrial Development

Contributions	\$ 153,429	
Dues and Memberships	3,127	
Total Industrial Development		156,556

Housing and Urban Development

Pauper Burials	\$ 5,000	
Total Housing and Urban Development		5,000

Veterans' Services

Other Salaries and Wages	\$ 6,162	
Social Security	382	
Employer Medicare	89	
Communication	405	
Contributions	1,800	
Travel	28	
Total Veterans' Services		8,866

Contributions to Other Agencies

Contributions	\$ 68,140	
Total Contributions to Other Agencies		68,140

Employee Benefits

Employee and Dependent Insurance	\$ 45	
Total Employee Benefits		45

Miscellaneous

Contracts with Government Agencies	\$ 1,433	
Trustee's Commission	192,488	
Tax Relief Program	78,803	
Total Miscellaneous		272,724

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Principal on Debt

General Government

Principal on Other Loans	\$ 12,387	
Total General Government		\$ 12,387

Total General Fund \$ 14,395,005

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Communication	\$ 1,429	
Library Books/Media	822	
Communication Equipment	20,000	
Total Libraries		\$ 22,251

Other Operations

Miscellaneous

Trustee's Commission	\$ 52	
Total Miscellaneous		52

Total Law Library Fund 22,303

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Clerical Personnel	\$ 115,539
Temporary Personnel	10,166
Part-time Personnel	36,362
Overtime Pay	14
Social Security	9,842
State Retirement	10,875
Life Insurance	981
Medical Insurance	31,218
Dental Insurance	2,256
Unemployment Compensation	186
Employer Medicare	2,303
Communication	6,375
Contributions	5,000
Janitorial Services	1,375
Operating Lease Payments	135
Licenses	1,923
Maintenance Agreements	291

(Continued)

Exhibit J-7

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Maintenance and Repair Services - Office Equipment	\$	903	
Postal Charges		1,479	
Printing, Stationery, and Forms		136	
Travel		32	
Custodial Supplies		271	
Electricity		3,179	
Instructional Supplies and Materials		231	
Library Books/Media		14,941	
Office Supplies		3,223	
Periodicals		791	
Other Supplies and Materials		1,483	
Workers' Compensation Insurance		3,626	
In Service/Staff Development		445	
Furniture and Fixtures		300	
Office Equipment		4,999	
Total Libraries			\$ 270,880

Other Operations

Miscellaneous

Trustee's Commission	\$	5,314	
Total Miscellaneous			5,314

Total Public Library Fund \$ 276,194

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Guards	\$	5,946	
Part-time Personnel		1,654	
Social Security		488	
State Retirement		752	
Life Insurance		26	
Medical Insurance		3,600	
Dental Insurance		174	
Employer Medicare		114	
Maintenance and Repair Services - Vehicles		676	
Other Contracted Services		18,421	
Diesel Fuel		5,520	
Other Supplies and Materials		14,221	
Total Sanitation Education/Information			\$ 51,592

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers

Supervisor/Director	\$	53,911	
Foremen		79,160	
Attendants		61,306	
Part-time Personnel		92,376	
Overtime Pay		3,159	
Social Security		17,442	
State Retirement		18,691	
Life Insurance		1,602	
Medical Insurance		58,878	
Dental Insurance		4,048	
Employer Medicare		4,082	
Communication		2,740	
Maintenance and Repair Services - Equipment		13,530	
Maintenance and Repair Services - Vehicles		1,082	
Pest Control		351	
Postal Charges		1	
Rentals		3,960	
Disposal Fees		126,671	
Other Contracted Services		39,099	
Custodial Supplies		2,084	
Fuel Oil		259	
Gasoline		3,954	
Office Supplies		84	
Propane Gas		2,542	
Tires and Tubes		480	
Uniforms		5,007	
Utilities		10,886	
Other Supplies and Materials		5,334	
Workers' Compensation Insurance		4,351	
In Service/Staff Development		451	
Office Equipment		1,097	
Solid Waste Equipment		39,750	
Other Equipment		419	
Total Convenience Centers			\$ 658,787

Other Operations

Employee Benefits

Employee and Dependent Insurance	\$	10	
Total Employee Benefits			10

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Trustee's Commission	\$ 6,718	
Total Miscellaneous		\$ 6,718

Total Solid Waste/Sanitation Fund \$ 717,107

Industrial/Economic Development Fund

Other Operations

Industrial Development

Other Contracted Services	\$ 3,629	
Total Industrial Development		\$ 3,629

Miscellaneous

Trustee's Commission	\$ 112	
Total Miscellaneous		112

Total Industrial/Economic Development Fund 3,741

Drug Control Fund

Public Safety

Drug Enforcement

Salary Supplements	\$ 16,644	
Other Contracted Services	19,582	
Law Enforcement Supplies	7,183	
Other Supplies and Materials	14,825	
Trustee's Commission	731	
In Service/Staff Development	1,083	
Other Charges	5,000	
Law Enforcement Equipment	12,527	
Motor Vehicles	88,266	
Total Drug Enforcement		\$ 165,841

Public Health and Welfare

Alcohol and Drug Programs

Remittance of Revenue Collected	\$ 5,255	
Law Enforcement Equipment	5,285	
Total Alcohol and Drug Programs		10,540

Total Drug Control Fund 176,381

(Continued)

Exhibit J-7

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

Other Special Revenue Fund

Public Safety

Drug Enforcement

Other Supplies and Materials	\$	9,243	
In Service/Staff Development		1,401	
Law Enforcement Equipment		4,174	
Total Drug Enforcement		<u>14,818</u>	\$ 14,818

Total Other Special Revenue Fund \$ 14,818

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	245	
Total County Clerk's Office			\$ 245

Administration of Justice

Circuit Court Clerk

Constitutional Officers' Operating Expenses	\$	598	
Total Circuit Court Clerk		<u>598</u>	

Total Constitutional Officers - Fees Fund 843

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	75,265	
Foremen		54,643	
Mechanic(s)		62,021	
Equipment Operators		148,360	
Truck Drivers		267,123	
Clerical Personnel		31,806	
Temporary Personnel		24,570	
Overtime Pay		27,617	
Advertising		900	
Dues and Memberships		3,610	
Postal Charges		257	
Printing, Stationery, and Forms		149	
Travel		781	
Office Supplies		2,921	
In Service/Staff Development		905	
Office Equipment		<u>2,185</u>	
Total Administration			\$ 703,113

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Rentals	\$	3,503	
Other Contracted Services		28,145	
Asphalt - Cold Mix		9,234	
Asphalt - Hot Mix		174,753	
Concrete		11,051	
Crushed Stone		50,479	
Other Road Supplies		1,768	
Pipe		59,356	
Road Signs		30,420	
Salt		8,021	
Sand		250	
Chemicals		6,540	
Other Supplies and Materials		9,452	
Total Highway and Bridge Maintenance			\$ 392,972

Operation and Maintenance of Equipment

Maintenance and Repair Services - Vehicles	\$	44,163	
Rentals		75	
Tow-in Services		220	
Disposal Fees		9,234	
Diesel Fuel		76,987	
Equipment Parts - Heavy		12,921	
Equipment Parts - Light		78,984	
Gasoline		29,617	
Lubricants		6,257	
Tires and Tubes		25,791	
Other Supplies and Materials		11,578	
Other Charges		516	
Total Operation and Maintenance of Equipment			296,343

Other Charges

Communication	\$	5,463	
Pest Control		372	
Other Contracted Services		1,415	
Custodial Supplies		767	
Drugs and Medical Supplies		394	
Electricity		13,345	
Garage Supplies		10,500	
Ice		512	
Uniforms		14,411	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Liability Insurance	\$	76,815	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		29,694	
Other Charges		212	
Total Other Charges			\$ 154,250

Employee Benefits

Social Security	\$	41,660	
State Retirement		63,390	
Life Insurance		4,371	
Medical Insurance		184,617	
Dental Insurance		12,223	
Unemployment Compensation		3,124	
Employer Medicare		9,752	
Workers' Compensation Insurance		42,210	
Total Employee Benefits			361,347

Capital Outlay

Matching Share	\$	113,063	
Bridge Construction		51,048	
Furniture and Fixtures		570	
Highway Equipment		45,879	
Motor Vehicles		11,000	
State Aid Projects		300,455	
Total Capital Outlay			522,015

Total Highway/Public Works Fund \$ 2,430,040

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	345,000	
Principal on Other Loans		522,000	
Total General Government			\$ 867,000

Interest on Debt

General Government

Interest on Bonds	\$	160,725	
Interest on Other Loans		52,588	
Total General Government			213,313

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$	27,002	
Other Debt Service		291,300	
Total General Government			\$ 318,302

Total General Debt Service Fund \$ 1,398,615

Education Debt Service Fund

Principal on Debt

Education

Principal on Notes	\$	1,030,821	
Principal on Other Loans		820,300	
Total Education			\$ 1,851,121

Interest on Debt

Education

Interest on Bonds	\$	171,055	
Interest on Notes		25,356	
Interest on Other Loans		473,660	
Total Education			670,071

Other Debt Service

Education

Trustee's Commission	\$	101,978	
Other Debt Service		13,710	
Total Education			115,688

Total Education Debt Service Fund 2,636,880

General Capital Projects Fund

Other Operations

Miscellaneous

Trustee's Commission	\$	8,720	
Total Miscellaneous			\$ 8,720

Other Debt Service

Education

Underwriter's Discount	\$	46,976	
Other Debt Issuance Charges		65,900	
Total Education			112,876

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)

Capital Projects

General Administration Projects

Architects	\$	75,000	
Other Contracted Services		8,317	
Communication Equipment		15,048	
Total General Administration Projects			\$ 98,365

Public Safety Projects

Evaluation and Testing	\$	21,000	
Other Contracted Services		5,000	
Building Improvements		59,400	
Heating and Air Conditioning Equipment		13,250	
Other Equipment		46,674	
Total Public Safety Projects			145,324

Public Health and Welfare Projects

Disabilities Act Improvements	\$	9,862	
Total Public Health and Welfare Projects			9,862

Other General Government Projects

Engineering Services	\$	4,714	
Other Contracted Services		5,000	
Office Equipment		404	
Site Development		16,692	
Total Other General Government Projects			26,810

Capital Projects - Donated

<u>Capital Projects Donated to School Department</u>			
Contributions	\$	3,333,925	
Total Capital Projects Donated to School Department			3,333,925

Total General Capital Projects Fund \$ 3,735,882

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Rentals	\$	50	
Other Contracted Services		81,974	
Asphalt - Hot Mix		104,847	
Concrete		4,118	
Crushed Stone		793	
Pipe		6,449	

(Continued)

Exhibit J-7

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

Highway Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Highway and Street Capital Projects (Cont.)

Other Supplies and Materials	\$	2,033	
Trustee's Commission		6,103	
Highway Equipment		<u>183,599</u>	
Total Highway and Street Capital Projects			<u>\$ 389,966</u>

Total Highway Capital Projects Fund \$ 389,966

Total Governmental Funds - Primary Government \$ 26,197,775

Exhibit J-8

Loudon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 11,777,194	
Career Ladder Program	107,800	
Career Ladder Extended Contracts	69,000	
Homebound Teachers	7,900	
Educational Assistants	967,232	
Other Salaries and Wages	186,665	
Certified Substitute Teachers	38,050	
Non-certified Substitute Teachers	149,709	
Social Security	852,559	
State Retirement	1,230,718	
Employee and Dependent Insurance	1,881	
Life Insurance	74,196	
Medical Insurance	2,266,417	
Dental Insurance	164,518	
Unemployment Compensation	72,180	
Employer Medicare	199,662	
Travel	4,745	
Other Contracted Services	18,846	
Instructional Supplies and Materials	324,853	
Textbooks	481,163	
In Service/Staff Development	1,614	
Other Equipment	118,642	
Total Regular Instruction Program		\$ 19,115,544

Special Education Program

Teachers	\$ 1,221,592
Career Ladder Program	6,500
Career Ladder Extended Contracts	4,500
Homebound Teachers	16,738
Educational Assistants	252,654
Speech Pathologist	39,291
Other Salaries and Wages	7,200
Certified Substitute Teachers	4,650
Non-certified Substitute Teachers	26,265
Social Security	94,329
State Retirement	138,085
Employee and Dependent Insurance	162
Life Insurance	8,781
Medical Insurance	291,346

(Continued)

Exhibit J-8

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.)

Dental Insurance	\$	18,510	
Employer Medicare		22,061	
Other Contracted Services		215,163	
Instructional Supplies and Materials		33,072	
Special Education Equipment		34,486	
Total Special Education Program			\$ 2,435,385

Vocational Education Program

Teachers	\$	549,794	
Career Ladder Program		6,000	
Educational Assistants		18,478	
Certified Substitute Teachers		180	
Non-certified Substitute Teachers		4,233	
Social Security		34,440	
State Retirement		52,058	
Employee and Dependent Insurance		92	
Life Insurance		2,719	
Medical Insurance		100,172	
Dental Insurance		5,066	
Employer Medicare		8,055	
Maintenance and Repair Services - Equipment		1,383	
Travel		3,683	
Gasoline		217	
Instructional Supplies and Materials		77,392	
Other Equipment		49,872	
Total Vocational Education Program			913,834

Support Services

Health Services

Medical Personnel	\$	162,593	
Social Security		9,530	
State Retirement		15,378	
Employee and Dependent Insurance		69	
Life Insurance		1,601	
Medical Insurance		47,443	
Dental Insurance		2,491	
Employer Medicare		2,229	
Other Contracted Services		2,216	
Drugs and Medical Supplies		6,055	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Office Supplies	\$	491	
In Service/Staff Development		504	
Total Health Services			\$ 250,600

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		596,768	
Career Ladder Extended Contracts		5,500	
Clerical Personnel		121,156	
Social Security		44,483	
State Retirement		65,521	
Employee and Dependent Insurance		69	
Life Insurance		3,667	
Medical Insurance		100,231	
Dental Insurance		6,142	
Employer Medicare		10,403	
Contracts with Government Agencies		88,500	
Evaluation and Testing		15,910	
Total Other Student Support			1,062,350

Regular Instruction Program

Supervisor/Director	\$	185,328	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		6,000	
Librarians		407,513	
Secretary(ies)		254,852	
Social Security		51,567	
State Retirement		79,294	
Employee and Dependent Insurance		92	
Life Insurance		5,668	
Medical Insurance		133,558	
Dental Insurance		9,455	
Employer Medicare		12,060	
Maintenance and Repair Services - Buildings		274	
Travel		13,608	
Library Books/Media		61,802	
In Service/Staff Development		36,723	
Total Regular Instruction Program			1,266,794

(Continued)

Exhibit J-8

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

Supervisor/Director	\$	22,137	
Career Ladder Program		3,500	
Psychological Personnel		155,540	
Career Ladder Extended Contracts		4,000	
Speech Pathologist		46,545	
Social Security		14,014	
State Retirement		18,405	
Employee and Dependent Insurance		69	
Life Insurance		1,083	
Medical Insurance		34,409	
Dental Insurance		2,089	
Employer Medicare		3,278	
Travel		5,513	
Total Special Education Program			\$ 310,582

Vocational Education Program

Supervisor/Director	\$	61,288	
Clerical Personnel		36,210	
Social Security		6,003	
State Retirement		8,994	
Employee and Dependent Insurance		92	
Life Insurance		549	
Medical Insurance		13,294	
Dental Insurance		1,084	
Employer Medicare		1,404	
Travel		3,952	
In Service/Staff Development		789	
Total Vocational Education Program			133,659

Other Programs

On-Behalf Payments to OPEB	\$	138,873	
Total Other Programs			138,873

Board of Education

Board and Committee Members Fees	\$	36,240	
Social Security		2,247	
State Retirement		1,371	
Life Insurance		1,162	
Dental Insurance		1,708	

(Continued)

Exhibit J-8

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.)

Board of Education (Cont.)

Employer Medicare	\$	526	
Audit Services		14,500	
Legal Services		6,449	
Travel		16,821	
Liability Insurance		21,779	
Premiums on Corporate Surety Bonds		192	
Trustee's Commission		286,244	
Workers' Compensation Insurance		172,965	
Total Board of Education	\$		562,204

Director of Schools

County Official/Administrative Officer	\$	110,000	
Career Ladder Program		1,000	
Secretary(ies)		40,165	
Social Security		9,372	
State Retirement		13,869	
Employee and Dependent Insurance		92	
Life Insurance		551	
Medical Insurance		13,697	
Dental Insurance		1,447	
Employer Medicare		2,192	
Advertising		860	
Communication		11,621	
Dues and Memberships		9,857	
Operating Lease Payments		1,404	
Postal Charges		4,024	
Travel		12,528	
Other Contracted Services		28,068	
Office Supplies		7,375	
Other Charges		654	
Total Director of Schools			268,776

Office of the Principal

Principals	\$	601,814	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		12,500	
Social Security		36,856	
State Retirement		56,319	
Employee and Dependent Insurance		211	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Life Insurance	\$	2,857	
Medical Insurance		96,444	
Dental Insurance		7,103	
Employer Medicare		8,620	
Communication		36,532	
Postal Charges		4,595	
Other Charges		<u>1,511</u>	
Total Office of the Principal			\$ 873,362

Fiscal Services

Accountants/Bookkeepers	\$	44,068	
Social Security		2,570	
State Retirement		4,195	
Life Insurance		284	
Medical Insurance		6,276	
Dental Insurance		347	
Employer Medicare		<u>601</u>	
Total Fiscal Services			58,341

Operation of Plant

Custodial Personnel	\$	54,929	
Social Security		3,102	
State Retirement		5,136	
Life Insurance		1,020	
Medical Insurance		13,167	
Dental Insurance		1,980	
Employer Medicare		736	
Other Contracted Services		1,038,083	
Electricity		784,391	
Gasoline		940	
Natural Gas		61,241	
Water and Sewer		80,652	
Building and Contents Insurance		<u>214,496</u>	
Total Operation of Plant			2,259,873

Maintenance of Plant

Maintenance and Repair Services - Buildings	\$	<u>281,083</u>	
Total Maintenance of Plant			281,083

(Continued)

Exhibit J-8

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.)

Transportation

Supervisor/Director	\$	46,799	
Social Security		2,526	
State Retirement		4,455	
Life Insurance		183	
Medical Insurance		9,963	
Dental Insurance		377	
Employer Medicare		591	
Contracts with Parents		3,448	
Contracts with Vehicle Owners		1,621,158	
Maintenance and Repair Services - Equipment		4,887	
Medical and Dental Services		1,153	
Travel		1,380	
Other Contracted Services		161	
Office Supplies		1,612	
In Service/Staff Development		1,652	
Other Charges		7,354	
Other Equipment		1,578	
Total Transportation			\$ 1,709,277

Central and Other

Supervisor/Director	\$	71,497	
Career Ladder Program		1,000	
Computer Programmer(s)		152,125	
Other Salaries and Wages		2,916	
Social Security		13,023	
State Retirement		21,248	
Life Insurance		915	
Medical Insurance		39,680	
Dental Insurance		1,803	
Employer Medicare		3,046	
Maintenance and Repair Services - Equipment		194,550	
Travel		10,381	
Other Contracted Services		6,988	
Other Supplies and Materials		1,492	
Data Processing Equipment		139,393	
Other Equipment		54,252	
Total Central and Other			714,309

(Continued)

Exhibit J-8

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

Community Services

Supervisor/Director	\$	131,513	
Other Salaries and Wages		81,111	
Social Security		12,593	
State Retirement		15,516	
Life Insurance		672	
Medical Insurance		22,575	
Dental Insurance		1,036	
Employer Medicare		2,945	
Travel		4,433	
Other Contracted Services		6,330	
Food Supplies		1,056	
Instructional Supplies and Materials		3,775	
Office Supplies		110	
Other Supplies and Materials		22,198	
In Service/Staff Development		974	
Other Equipment		12,955	
Total Community Services			\$ 319,792

Early Childhood Education

Teachers	\$	322,718	
Educational Assistants		203,104	
Certified Substitute Teachers		600	
Non-certified Substitute Teachers		8,772	
Social Security		31,405	
State Retirement		44,794	
Life Insurance		3,567	
Medical Insurance		104,432	
Dental Insurance		6,263	
Employer Medicare		7,345	
Contracts with Other School Systems		87,701	
Other Supplies and Materials		3,805	
In Service/Staff Development		597	
Other Charges		809	
Total Early Childhood Education			<u>825,912</u>

Total General Purpose School Fund \$ 33,500,550

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,389,732	
Educational Assistants	76,059	
Other Salaries and Wages	55,088	
Certified Substitute Teachers	1,860	
Non-certified Substitute Teachers	9,384	
Social Security	31,429	
State Retirement	43,306	
Life Insurance	2,501	
Medical Insurance	75,445	
Dental Insurance	4,053	
Employer Medicare	7,350	
Instructional Supplies and Materials	20,433	
Other Supplies and Materials	15,809	
Regular Instruction Equipment	149,248	
Total Regular Instruction Program		\$ 1,881,697

Special Education Program

Teachers	\$ 40,428	
Educational Assistants	402,902	
Other Salaries and Wages	2,900	
Social Security	25,414	
State Retirement	36,556	
Life Insurance	4,194	
Medical Insurance	131,488	
Dental Insurance	7,073	
Employer Medicare	5,944	
Other Contracted Services	148,949	
Instructional Supplies and Materials	34,397	
Special Education Equipment	12,603	
Total Special Education Program		852,848

Vocational Education Program

Other Salaries and Wages	\$ 6,000	
Social Security	372	
State Retirement	543	
Employer Medicare	87	
Vocational Instruction Equipment	65,899	
Total Vocational Education Program		72,901

(Continued)

Exhibit J-8

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

Other Student Support

Other Salaries and Wages	\$	17,084	
Social Security		1,047	
State Retirement		1,627	
Life Insurance		30	
Medical Insurance		958	
Dental Insurance		58	
Employer Medicare		245	
Evaluation and Testing		32,824	
Travel		12,078	
Other Contracted Services		2,785	
In Service/Staff Development		1,365	
Other Charges		7,481	
Total Other Student Support			\$ 77,582

Regular Instruction Program

Supervisor/Director	\$	50,839	
Secretary(ies)		15,890	
Other Salaries and Wages		102,887	
Certified Substitute Teachers		3,360	
Non-certified Substitute Teachers		15,279	
Social Security		11,656	
State Retirement		14,567	
Life Insurance		183	
Medical Insurance		5,747	
Dental Insurance		314	
Employer Medicare		2,726	
Travel		26,861	
Other Contracted Services		3,000	
Other Supplies and Materials		8,353	
In Service/Staff Development		44,088	
Other Charges		96	
Data Processing Equipment		294	
Other Equipment		531	
Total Regular Instruction Program			306,671

Special Education Program

Supervisor/Director	\$	55,531	
Secretary(ies)		36,210	
Other Salaries and Wages		6,000	

(Continued)

Exhibit J-8

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.)

Social Security	\$	5,989	
State Retirement		9,016	
Life Insurance		183	
Medical Insurance		5,747	
Dental Insurance		347	
Employer Medicare		1,401	
Travel		10,215	
Other Supplies and Materials		1,492	
In Service/Staff Development		4,712	
Total Special Education Program			\$ 136,843

Vocational Education Program

Travel	\$	3,400	
In Service/Staff Development		300	
Total Vocational Education Program			<u>3,700</u>

Total School Federal Projects Fund \$ 3,332,242

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	55,848
Secretary(ies)		22,100
Cafeteria Personnel		807,296
Social Security		50,443
State Retirement		68,869
Employee and Dependent Insurance		100
Life Insurance		4,132
Medical Insurance		93,957
Dental Insurance		9,292
Employer Medicare		11,797
Other Fringe Benefits		299
Dues and Memberships		2,519
Maintenance Agreements		5,177
Maintenance and Repair Services - Equipment		59,112
Postal Charges		1,000
Travel		6,166
Other Contracted Services		2,665
Food Supplies		1,193,404

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Office Supplies	\$	1,899	
Uniforms		4,188	
Other Supplies and Materials		83,130	
In Service/Staff Development		4,100	
Other Charges		957	
Food Service Equipment		<u>67,524</u>	
Total Food Service			\$ <u>2,555,974</u>

Total Central Cafeteria Fund \$ 2,555,974

Education Capital Projects Fund

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	<u>60,137</u>	
Total Education			\$ 60,137

Capital Projects

Education Capital Projects

Engineering Services	\$	644,765	
Legal Services		4,305	
Maintenance and Repair Services - Buildings		6,161	
Other Contracted Services		257,309	
Excess Risk Insurance		55,535	
Building Construction		1,996,802	
Heating and Air Conditioning Equipment		329,300	
Site Development		<u>1,518,894</u>	
Total Education Capital Projects			<u>4,813,071</u>

Total Education Capital Projects Fund 4,873,208

Total Governmental Funds - Loudon County School Department \$ 44,261,974

Exhibit J-9

Loudon County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2012

	Cities - Sales Tax Fund	City School ADA - Lenoir City Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 4,761,502	\$ 4,761,502
Trustee's Collections - Prior Years	0	138,640	138,640
Trustee's Collections - Bankruptcy	0	14,290	14,290
Circuit/Clerk and Master Collections - Prior Years	0	114,296	114,296
Interest and Penalty	0	26,658	26,658
Local Option Sales Tax	3,901,620	1,557,525	5,459,145
Adequate Facilities/Development Tax	0	93,031	93,031
Interstate Telecommunications Tax	0	1,564	1,564
Mixed Drink Tax	0	3,060	3,060
Total Cash Receipts	<u>\$ 3,901,620</u>	<u>\$ 6,710,566</u>	<u>\$ 10,612,186</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,862,604	\$ 6,537,719	\$ 10,400,323
Trustee's Commission	39,016	116,852	155,868
Total Cash Disbursements	<u>\$ 3,901,620</u>	<u>\$ 6,654,571</u>	<u>\$ 10,556,191</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ 55,995	\$ 55,995
Cash Balance, July 1, 2011	0	172,427	172,427
Cash Balance, June 30, 2012	<u>\$ 0</u>	<u>\$ 228,422</u>	<u>\$ 228,422</u>

SINGLE AUDIT SECTION



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

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

January 18, 2013

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, 2012, which collectively comprise Loudon County's basic financial statements and have issued our report thereon dated January 18, 2013. 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

The management of Loudon County is responsible for establishing and maintaining effective 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: 12.02. 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.

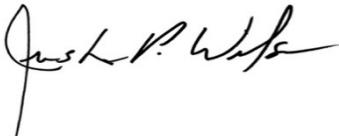
Compliance and Other Matters

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 12.01.

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

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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

REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

January 18, 2013

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Loudon County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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 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.

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, 2012, and have issued our report thereon dated January 18, 2013. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Very truly yours,

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

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, 2012

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	\$ 142,302 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	384,607
National School Lunch Program	10.555	N/A	1,121,930 (3)
Passed-through East Tennessee Human Resource Agency, Inc.:			
Summer Food Service Program for Children	10.559	N/A	<u>54,375</u>
Total U.S. Department of Agriculture			<u>\$ 1,703,214</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 4,973
Passed-through State Office of Criminal Justice Programs:			
Federal Asset Forfeiture Program	16.XXX	(2)	<u>14,818</u>
Total U.S. Department of Justice			<u>\$ 19,791</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(2)	<u>\$ 27,131</u>
Total U.S. Department of Transportation			<u>\$ 27,131</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 828,720
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	1,034,950
Special Education - Grants to States, Recovery Act	84.391	(2)	6,784
Special Education - Preschool Grants	84.173	(2)	35,689
Career and Technical Education - Basic Grants to States	84.048	(2)	88,435
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	17
Funds for the Improvement of Education	84.215	(2)	62,090
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	N/A	531
Education Technology State Grants - Recovery Act	84.386	N/A	749
English Language Acquisition Grants	84.365	N/A	23,587
Improving Teacher Quality State Grants	84.367	N/A	102,014
School Improvement Grants	84.377	(2)	147,811
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	676
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	127,386
Education Jobs Fund	84.410	N/A	<u>1,023,152</u>
Total U.S. Department of Education			<u>\$ 3,482,591</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)	\$ 5,098
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	(2)	30,743
Total U.S. Department of Health and Human Services			<u>\$ 35,841</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(2)	\$ 86,657
Homeland Security Grant Program	97.067		135,902
Total U.S. Department of Homeland Security			<u>\$ 222,559</u>
Total Expenditures of Federal Awards			<u>\$ 5,491,127</u>

State Grants		Contract Number	Expenditures
Juvenile Services Program - State Children's Services Commission	N/A	(2)	\$ 10,600
Aging Program - State Office on Aging	N/A	(2)	10,079
Law Enforcement Training	N/A	(2)	24,600
Health Department Grants - State Department of Health	N/A	(2)	272,626
Litter Program - State Department of Transportation	N/A	(2)	54,429
State Industrial Access Grant - State Department of Transportation	N/A	(2)	11,385
Early Childhood Development Pilot/State - State Department of Education	N/A	(2)	794,125
Leaps - State Department of Education	N/A	(2)	100,940
Total State Grants			<u>\$ 1,278,784</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 \$1,264,232.

Loudon County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Loudon County, Tennessee, for the year ended June 30, 2011, which has not been corrected.

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
11.01	191	Duties were not segregated adequately

LOUDON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

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. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Loudon County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); Title I Grants to Local Educational Agencies (CFDA No. 84.010); Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants (CFDA Nos. 84.027, 84.391, and 84.173); and the Education Jobs Fund (CFDA No. 84.410) 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 qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 12.01 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
County Attorney	\$ 9,628
Circuit Court	1,346
County Coroner/Medical Examiner	2,500
Tourism	3,146

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to stay within the spending limits authorized by the County Commissions, which resulted in unauthorized expenditures.

RECOMMENDATION

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

OFFICE OF SHERIFF

FINDING 12.02 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the official and employees in the Office of Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal

controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

The sheriff should segregate duties to the extent possible using available resources.

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

There were no findings and questioned costs for federal awards.

**LOUDON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012**

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