
ANNUAL FINANCIAL REPORT LOUDON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



ANNUAL FINANCIAL REPORT
LOUDON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF COUNTY AUDIT
JAMES R. ARNETTE
Director

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Audit Manager

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

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

LOUDON COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6
<u>INTRODUCTORY SECTION</u>		7
Loudon County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-12
BASIC FINANCIAL STATEMENTS:		13
Government-wide Financial Statements:		
Statement of Net Assets	A	14-15
Statement of Activities	B	16-17
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	C-3	21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	23-24
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	25
Notes to the Financial Statements		26-69
REQUIRED SUPPLEMENTARY INFORMATION:		70
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	71-74
Highway/Public Works Fund	F-2	75
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Loudon County School Department	F-3	76
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Loudon County School Department	F-4	77
Notes to the Required Supplementary Information		78

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		79
Nonmajor Governmental Funds:		80-81
Combining Balance Sheet	G-1	82-85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	86-87
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Law Library Fund	G-3	88
Public Library Fund	G-4	89
Solid Waste/Sanitation Fund	G-5	90
Industrial/Economic Development Fund	G-6	91
Drug Control Fund	G-7	92
Other Special Revenue Fund	G-8	93
General Capital Projects Fund	G-9	94
Highway Capital Projects Fund	G-10	95
Major Governmental Funds:		96
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Debt Service Fund	H-1	97
Education Debt Service Fund	H-2	98
Fiduciary Funds:		99
Combining Statement of Fiduciary Assets and Liabilities	I-1	100
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	101-102
Component Unit:		
Discretely Presented Loudon County School Department:		103
Statement of Activities	J-1	104
Balance Sheet – Governmental Funds	J-2	105
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	106
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	107
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	108
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	J-7	110
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	111-112
School Federal Projects Fund	J-9	113
Central Cafeteria Fund	J-10	114

	Exhibit	Page(s)
Proprietary Fund:		
Statement of Net Assets	J-11	115
Statement of Revenues, Expenses, and Changes in Net Assets	J-12	116
Statement of Cash Flows	J-13	117
Miscellaneous Schedules:		118
Schedule of Changes in Long-term Notes, Other Loans, and Bonds – Primary Government and Discretely Presented Loudon County School Department	K-1	119-120
Schedule of Long-term Debt Requirements by Year	K-2	121
Schedule of Transfers – Primary Government and Discretely Presented Loudon County School Department	K-3	122
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Loudon County School Department	K-4	123
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	124-135
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Loudon County School Department	K-6	136-137
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	138-167
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Loudon County School Department	K-8	168-179
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-9	180
<u>SINGLE AUDIT SECTION</u>		181
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		182-183
Auditor’s 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		184-186
Schedule of Expenditures of Federal Awards and State Grants		187-188
Schedule of Audit Findings Not Corrected		189
Schedule of Findings and Questioned Costs		190-192
Auditee Reporting Responsibilities		193

Audit Highlights

Annual Financial Report
Loudon County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Loudon County as of and for the year ended June 30, 2011.

Results

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

Our audit resulted in one finding. Details of the finding and recommendation are included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

OFFICES OF CLERK AND MASTER AND SHERIFF

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Loudon County Officials

June 30, 2011

Officials

Estelle Herron, County Mayor
Eddie Simpson, Highway Superintendent
Jason Vance, Director of Schools
George Miller, Trustee
Charles Jenkins, 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 (effective 8-5-11)

Harold Duff
Stephen Harrelson
David Meers
Jimmy Davis
Mike Garren

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

February 7, 2012

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, 2011, which collectively comprise Loudon County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Loudon County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Loudon County Emergency Communications District, which represent 4.5 percent and 2.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Loudon County Emergency Communications District, is based on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loudon County, Tennessee, as of June 30, 2011, 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 February 7, 2012, on our consideration of Loudon County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note V.B., Loudon County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

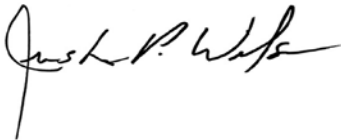
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 71 through 78 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 General Debt Service and Education Debt Service 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 General Debt Service and Education Debt Service 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 line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Loudon County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary	Component Units	
	Government	Loudon	Emergency
	Governmental	County	Communica-
	Activities	School	tions
		Department	District
<u>ASSETS</u>			
Cash	\$ 32,675	\$ 149,181	\$ 445,439
Equity in Pooled Cash and Investments	16,592,182	5,732,062	0
Deferred Outflow - Interest Rate Swap	839,607	0	0
Accounts Receivable	507,112	62,838	43,941
Due from Other Governments	2,649,097	1,778,195	0
Property Taxes Receivable	12,603,301	10,862,198	0
Allowance for Uncollectible Property Taxes	(796,014)	(685,537)	0
Prepaid Items	705,951	4,372	24,339
Unamortized Debt Issuance Cost	245,599	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	5,915,130	3,946,406	0
Construction in Progress	36,800	1,896,293	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	11,772,280	29,588,251	1,560,162
Other Capital Assets	1,844,834	666,452	499,201
Infrastructure - Roads, Streets, and Bridges	28,143,459	0	0
Total Assets	<u>\$ 81,092,013</u>	<u>\$ 54,000,711</u>	<u>\$ 2,573,082</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 66,198	\$ 198,041	\$ 3,885
Accrued Payroll	240,063	9,575	14,620
Accrued Interest Payable	32,665	0	0
Payroll Deductions Payable	300	355,294	0
Contracts Payable	0	26,870	0
Retainage Payable	49,649	0	0
Derivative - Interest Rate Swap	839,607	0	0
Due to State of Tennessee	15,102	0	0
Due to Litigants, Heirs, and Others	32,699	0	0
Other Current Liabilities	25,396	35,252	76,783
Deferred Revenue - Property Taxes	11,559,081	9,949,169	0
Noncurrent Liabilities:			
Due Within One Year	3,116,548	0	40,509
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	24,128,456	441,044	1,190,802
Total Liabilities	<u>\$ 40,105,764</u>	<u>\$ 11,015,245</u>	<u>\$ 1,326,599</u>

(Continued)

Exhibit A

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

		Component Units	
	Primary	Loudon	Emergency
	Government	County	Communica-
	Governmental	School	tions
	Activities	Department	District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 38,497,751	\$ 0	\$ 828,052
Invested in Capital Assets	0	36,097,402	0
Restricted for:			
General Government	5,171	0	0
Administration of Justice	338,034	0	0
Public Safety	215,579	0	0
Public Health and Welfare	288,296	0	0
Finance	6,591	0	0
Highways	1,040,355	0	0
Education	0	1,297,312	0
Debt Service	2,548,278	0	0
Capital Projects	2,536,647	1,053,334	0
Social, Cultural, and Recreational	140,902	0	0
Other Purposes	0	0	18,905
Unrestricted	(4,631,355)	4,537,418	399,526
Total Net Assets	<u>\$ 40,986,249</u>	<u>\$ 42,985,466</u>	<u>\$ 1,246,483</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, 2011

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	Total Governmental Activities	Loudon County School Department	Emergency Communications District		
Primary Government:										
Governmental Activities:										
General Government	\$ 4,189,899	\$ 678,274	\$ 74,604	\$ 566,577	\$ (2,870,444)	\$ (2,870,444)	\$ 0	\$ 0	\$ 0	0
Finance	1,922,917	1,150,443	0	0	(772,474)	(772,474)	0	0	0	0
Administration of Justice	1,792,307	1,172,752	10,700	0	(608,855)	(608,855)	0	0	0	0
Public Safety	6,425,415	152,864	178,961	58,727	(6,034,863)	(6,034,863)	0	0	0	0
Public Health and Welfare	1,416,558	185,563	707,618	516,479	(6,898)	(6,898)	0	0	0	0
Social, Cultural, and Recreational Services	510,820	4,806	42,245	0	(463,769)	(463,769)	0	0	0	0
Agriculture and Natural Resources	162,750	0	0	0	(162,750)	(162,750)	0	0	0	0
Other Operations	682,500	0	0	0	(682,500)	(682,500)	0	0	0	0
Highways	4,182,398	9,775	1,591,339	322,824	(2,258,460)	(2,258,460)	0	0	0	0
Education	3,430,094	0	0	0	(3,430,094)	(3,430,094)	0	0	0	0
Interest on Long-term Debt	781,268	0	0	0	(781,268)	(781,268)	0	0	0	0
Other Debt Service	308,390	0	234,665	0	(73,725)	(73,725)	0	0	0	0
Total Primary Government	\$ 25,805,316	\$ 3,354,477	\$ 2,840,132	\$ 1,464,607	\$ (18,146,100)	\$ (18,146,100)	\$ 0	\$ 0	\$ 0	0
Component Units:										
Loudon County School Department	\$ 41,566,616	\$ 2,365,114	\$ 5,825,540	\$ 3,706,033	0	0	\$ (29,669,929)	0	0	0
Emergency Communications District	1,105,740	496,848	0	758,487	0	0	0	149,595	0	149,595
Total Component Units	\$ 42,672,356	\$ 2,861,962	\$ 5,825,540	\$ 4,464,520	0	0	\$ (29,669,929)	\$ 149,595	\$ 149,595	149,595

(Continued)

Exhibit B

Loudon County, Tennessee
Statement of Activities (Cont.)

Net (Expense) Revenue and Changes in Net Assets						
Functions/Programs	Expenses	Program Revenues		Primary	Component Units	
		Charges for Services	Operating Grants and Contributions	Government Total	Loudon County School Department	Emergency Communica- tions District
				Governmental Activities		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$		7,187,407	\$	10,212,692
Property Taxes Levied for Public Library				251,857	0	0
Property Taxes Levied for Solid Waste/Sanitation				88,522	0	0
Property Taxes Levied for Highway/Public Works				557,405	0	0
Property Taxes Levied for General Debt Service				1,143,135	0	0
Property Taxes Levied for Education Debt Service				2,098,052	0	0
Property Taxes Levied for Capital Projects				259,903	0	0
Property Taxes Levied for Highway Capital Projects				294,578	0	0
Sales Taxes				899,361	2,989,701	0
Hotel/Motel Tax				350,905	0	0
Business Tax				417,450	0	0
Litigation Tax				247,783	0	0
Adequate Facilities/Development Tax				54,174	559,770	0
Other Local Taxes				0	6,540	0
Grants and Contributions Not Restricted to Specific Programs				1,005,222	21,193,530	0
Unrestricted Investment Income				60,332	21,330	0
Miscellaneous				118,198	8,806	0
Revenue from Joint Ventures				29,113	0	0
Total General Revenues				\$ 15,063,397	\$ 34,992,369	\$ 0
Change in Net Assets						
Net Assets, July 1, 2010		\$	(3,082,703)		\$ 5,322,440	\$ 149,595
Prior-period Adjustment			43,845,939		37,663,026	1,096,888
			223,013		0	0
Net Assets, June 30, 2011						
		\$	40,986,249		\$ 42,985,466	\$ 1,246,483

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, 2011

ASSETS

	General	Highway / Public Works	Major Funds			Nonmajor Funds		
			General	Debt Service	Education Debt Service	Other Govern- mental Funds	Total Govern- mental Funds	
Cash	\$ 932	\$ 940	\$ 0	\$ 0	\$ 0	\$ 30,803	\$ 32,675	
Equity in Pooled Cash and Investments	5,620,701	746,668	2,366,742	4,930,662	2,927,409	16,592,182		
Accounts Receivable	68,670	0	91,193	0	347,249	507,112		
Due from Other Governments	1,730,013	294,916	0	0	624,168	2,649,097		
Due from Other Funds	31,634	0	67,308	0	0	98,942		
Property Taxes Receivable	7,589,231	594,624	1,190,823	2,268,077	12,603,301			
Allowance for Uncollectible Property Taxes	(479,896)	(37,600)	(75,155)	(142,624)	(60,739)	(796,014)		
Prepaid Items	560,661	135,376	0	0	9,914	705,951		
Total Assets	\$ 15,121,946	\$ 1,734,924	\$ 3,640,911	\$ 7,056,115	\$ 4,839,350	\$ 32,393,246		

LIABILITIES AND FUND BALANCES

	General	Highway / Public Works	Major Funds			Nonmajor Funds		
			General	Debt Service	Education Debt Service	Other Govern- mental Funds	Total Govern- mental Funds	
Liabilities	\$ 44,802	\$ 5,491	\$ 0	\$ 0	\$ 0	\$ 15,905	\$ 66,198	
Accounts Payable	198,397	26,647	0	0	0	15,019	240,063	
Accrued Payroll	300	0	0	0	0	0	300	
Payroll Deductions Payable	0	0	0	0	0	49,649	49,649	
Retainage Payable	0	67,308	0	0	0	31,634	98,942	
Due to Other Funds	15,102	0	0	0	0	0	15,102	
Due to State of Tennessee	0	0	0	0	0	32,699	32,699	
Due to Litigants, Heirs, and Others	25,396	0	0	0	0	0	25,396	
Other Current Liabilities	6,960,518	545,364	1,090,728	2,081,500	880,971	11,559,081		
Deferred Revenue - Current Property Taxes	128,558	10,073	21,765	39,897	16,271	216,564		
Deferred Revenue - Delinquent Property Taxes	781,470	140,244	0	0	400,489	1,322,203		
Other Deferred Revenues	\$ 8,154,543	\$ 795,127	\$ 1,112,493	\$ 2,121,397	\$ 1,442,637	\$ 13,626,197		
Total Liabilities								
Fund Balances	\$ 560,661	\$ 135,376	\$ 0	\$ 0	\$ 0	\$ 9,914	\$ 705,951	
Nonspendable:								
Prepaid Items								
Restricted:	5,171	0	0	0	0	0	5,171	
Restricted for General Government								

(Continued)

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

	Major Funds						Nonmajor Funds					
	Highway / Public Works		General Debt Service		Education Debt Service		Other Governmental Funds	Total Governmental Funds				
	General											
	\$	6,591	\$	0	\$	0	\$	6,591				
		314,133		0		0		338,034				
		42,009		0		0		215,579				
		0		0		0		228,195				
		0		0		0		131,318				
		0		804,421		0		804,421				
		0		0	2,519,281	4,917,818	0	7,437,099				
		0		0	0	0	2,185,017	2,185,017				
Committed:												
Committed for Public Health and Welfare		0		0	0	0	599,740	599,740				
Committed for Other Operations		0		0	0	0	45,058	45,058				
Committed for Debt Service		0		0	9,137	16,900	0	26,037				
Assigned:												
Assigned for General Government		1,068,492		0	0	0	0	1,068,492				
Assigned for Finance		12,300		0	0	0	0	12,300				
Assigned for Public Safety		38,925		0	0	0	0	38,925				
Assigned for Public Health and Welfare		3,270		0	0	0	0	3,270				
Assigned for Social, Cultural, and Recreational Services		1,426		0	0	0	0	1,426				
Unassigned		4,914,425		0	0	0	0	4,914,425				
Total Fund Balances	\$	6,967,403	\$	939,797	\$	2,528,418	\$	4,934,718	\$	3,396,713	\$	18,767,049
Total Liabilities and Fund Balances	\$	15,121,946	\$	1,734,924	\$	3,640,911	\$	7,056,115	\$	4,839,350	\$	32,393,246

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, 2011

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)		\$ 18,767,049
(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	36,800	
Add: infrastructure net of accumulated depreciation	28,143,459	
Add: buildings and improvements net of accumulated depreciation	11,772,280	
Add: other capital assets net of accumulated depreciation	<u>1,844,834</u>	47,712,503
(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	\$ (1,415,255)	
Less: bonds payable	(4,360,000)	
Less: other loans payable	(19,469,212)	
Add: deferred amount on refunding	303,058	
Add: deferred charges - debt issuance costs	245,599	
Less: unamortized portion of debt premiums	(9,115)	
Less: accrued interest on notes, bonds, and other loans	(32,665)	
Less: other postemployment benefits liability	(1,811,499)	
Less: compensated absences payable	<u>(482,981)</u>	(27,032,070)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,538,767</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 40,986,249</u>

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

Exhibit C-3

Loudon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds					Nonmajor Funds	
	General	Highway / Public Works		General Debt Service		Other Governmental Funds	
Revenues							
Local Taxes	\$ 8,630,965	\$ 615,973	\$ 1,150,304	\$ 2,136,542	\$ 1,499,687	\$ 14,033,471	
Licenses and Permits	484,203	0	0	0	0	484,203	
Fines, Forfeitures, and Penalties	416,392	0	0	0	76,006	492,398	
Charges for Current Services	65,624	0	0	0	9,060	74,684	
Other Local Revenues	212,484	97,835	38,250	16,900	176,089	541,558	
Fees Received from County Officials	2,125,575	0	0	0	0	2,125,575	
State of Tennessee	1,408,295	1,910,278	0	0	540,834	3,859,407	
Federal Government	60,528	0	0	0	43,129	103,657	
Other Governments and Citizens Groups	97,955	0	234,665	0	254,804	587,424	
Total Revenues	\$ 13,502,021	\$ 2,624,086	\$ 1,423,219	\$ 2,153,442	\$ 2,599,609	\$ 22,302,377	
Expenditures							
Current:							
General Government	\$ 2,833,904	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,833,904	
Finance	1,852,170	0	0	0	0	1,852,170	
Administration of Justice	1,724,855	0	0	0	0	1,724,855	
Public Safety	6,620,969	0	0	0	117,651	6,738,620	
Public Health and Welfare	745,852	0	0	0	629,161	1,375,013	
Social, Cultural, and Recreational Services	198,928	0	0	0	269,222	468,150	
Agriculture and Natural Resources	162,750	0	0	0	0	162,750	
Other Operations	616,838	0	0	0	24,650	641,488	
Highways	0	2,873,306	0	0	0	2,873,306	
Debt Service:							
Principal on Debt	10,341	0	885,269	2,581,465	0	3,477,075	
Interest on Debt	0	0	216,636	496,207	0	712,843	
Other Debt Service	0	0	264,510	43,880	0	308,390	
Capital Projects	0	0	0	3,430,094	1,524,775	4,954,869	
Total Expenditures	\$ 14,766,607	\$ 2,873,306	\$ 1,366,415	\$ 6,551,646	\$ 2,565,459	\$ 28,123,433	
Excess (Deficiency) of Revenues Over Expenditures							
	\$ (1,264,586)	\$ (249,220)	\$ 56,804	\$ (4,398,204)	\$ 34,150	\$ (5,821,056)	

(Continued)

Exhibit C-3

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

	Major Funds						Nonmajor Funds			
	Highway / Public Works			General Debt Service		Education Debt Service		Other Governmental Funds		
	General									
<u>Other Financing Sources (Uses)</u>										
Insurance Recovery	\$	30,759	\$	10,352	\$	0	\$	0	\$	41,111
Transfers In		0		0		126,481		0		186,481
Transfers Out		(60,000)		(126,481)		0		0		(186,481)
Total Other Financing Sources (Uses)	\$	(29,241)	\$	(116,129)	\$	126,481	\$	0	\$	41,111
<u>Net Change in Fund Balances</u>										
Fund Balance, July 1, 2010	\$	(1,293,827)	\$	(365,349)	\$	183,285	\$	(4,398,204)	\$	94,150
		8,261,230		1,305,146		2,345,133		9,332,922		3,302,563
										24,546,994
Fund Balance, June 30, 2011	\$	6,967,403	\$	939,797	\$	2,528,418	\$	4,934,718	\$	3,396,713
										18,767,049

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, 2011

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) \$ (5,779,945)

- (1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:

Add: capital assets purchased in the current-period	\$ 1,031,094	
Less: current-year depreciation expense	<u>(1,620,210)</u>	(589,116)
- (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.

Less: net book value of assets disposed		(111,268)
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- (3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Less: deferred delinquent property taxes and other deferred June 30, 2010	\$ (1,047,760)	
Add: deferred delinquent property taxes and other deferred June 30, 2011	<u>1,538,767</u>	491,007
- (4) The issuance of long-term debt (e.g., notes, other loans, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.

Add: principal payments on notes	\$ 1,914,050	
Add: principal payments on other loans	1,243,025	
Add: principal payments on bonds	<u>320,000</u>	3,477,075
- (5) Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects debt issuance costs expensed and premiums reflected during the year recorded in the statement of activities.

Add: amortization of debt issuance premiums	\$ 1,048	
Less: amortization of debt issuance costs	(27,072)	
Less: deferred charge on refunding amortized during year	<u>(51,268)</u>	(77,292)

(Continued)

Exhibit C-4

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

(6) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in accrued interest payable	\$ 9,915
Change in compensated absences payable	(29,200)
Change in other postemployment benefits liability	<u>(473,879)</u>
	\$ <u>(493,164)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ (3,082,703)</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 659,480
Equity in Pooled Cash and Investments	2,569,514
Due from Other Governments	908,754
Taxes Receivable	5,252,752
Allowance for Uncollectible Taxes	<u>(332,151)</u>
Total Assets	<u>\$ 9,058,349</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 6,001,782
Due to Litigants, Heirs, and Others	659,480
Due to Joint Ventures	<u>2,397,087</u>
Total Liabilities	<u>\$ 9,058,349</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, 2011

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.

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 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.

Additionally, Loudon County reports the following fund types:

Capital Projects Funds – These 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.

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

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

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

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

Special Revenue 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.

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

Internal Service Fund – The Employee Dental and Vision Insurance Fund is used to account for the School Department's self-insured dental health and vision programs.

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.

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.

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 Insurance Fund), cash includes demand deposits.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Loudon County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Income from these pooled investments is allocated to various funds based on their cash balances at the time the income is received. Loudon County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.33 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, 2011. All vacation pay is accrued when incurred in the government-wide financial statements for the county and its discretely presented component units. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable

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

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

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

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, 2011, Loudon County had \$15,735,772 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.

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.

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 (\$63,487) and fund balance appropriated for use in the 2011-2012 budget (\$1,060,926). Assigned fund balance in the General Purpose School Fund consists of amounts assigned for encumbrances.

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

Accumulated depreciation for the primary government was restated \$223,013 to remove accumulated amounts related to capital assets, which had been removed 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 J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to the government-wide Statement of Net Assets.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Loudon County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the

discretely presented Education Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

At June 30, 2011, Loudon County and the Loudon County School Department reported the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Major Fund:		
General	Sheriff Vehicles	\$ 24,000
NonMajor Funds:		
General Capital Projects	Project Construction	37,472
Highway Capital Projects	Highway Equipment	183,599
School Department:		
NonMajor Fund:		
Education Capital Projects	Architect and Engineering	227,673

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, 2011, Loudon County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Loudon County and the discretely presented Loudon County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 10,237,896

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, 2011, Loudon County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable – Long-term

In prior years, Loudon County issued debt and loaned the proceeds to the School Department with an agreement that the School Department would repay the county for the principal and interest requirements on the debt. A long-term note receivable was reported in the primary government's Education Debt Service Fund to reflect future amounts due from the School Department. During the year, the County Commission adopted a resolution that removed the requirement for the School Department to reimburse the county for principal and interest requirements on the debt. Therefore, the note receivable, which totaled \$3,430,094 at July 1, 2010, has been removed from the financial statements of the primary government's Education Debt Service Fund and removed from the School Department's long-term debt.

C. Derivative Instruments

At June 30, 2011, 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, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2011</u>		6-30-11 Notional Amount
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash Flow Hedges:					
Pay fixed interest rate swaps:					
\$12.5M Swap	Deferred Outflow	\$ 165,307	Debt	\$ (839,607)	\$ 11,310,000
Totals		<u>\$ 165,307</u>		<u>\$ (839,607)</u>	<u>\$ 11,310,000</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, 2011, 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>-0.46</u>
Net interest rate swap payments		2.67 %
Variable-rate bond coupon payments		<u>0.10</u>
 Synthetic interest rate on bonds		 <u><u>2.77 %</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$839,607. 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, 2011, 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, 2011, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard & 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, 2011, 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		Total
	Principal	Interest	Swap Payment		
2012	\$ 540,000	\$ 11,310	\$ 302,040	\$	853,350
2013	570,000	10,770	287,619		868,389
2014	605,000	10,200	272,397		887,597
2015	640,000	9,595	256,240		905,835
2016	680,000	8,955	239,148		928,103
2017-2021	4,060,000	33,725	900,645		4,994,370
2022-2025	4,215,000	10,840	289,488		4,515,328
Total	\$ 11,310,000	\$ 95,395	\$ 2,547,576	\$	13,952,971

D. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 5,915,130	\$ 0	\$ 0	\$ 5,915,130
Construction in Progress	12,100	36,800	(12,100)	36,800
Total Capital Assets Not Depreciated	\$ 5,927,230	\$ 36,800	\$ (12,100)	\$ 5,951,930
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,190,457	\$ 77,998	\$ 0	\$ 14,268,455
Infrastructure	47,353,860	0	0	47,353,860
Other Capital Assets	5,498,310	928,396	(555,768)	5,870,938
Total Capital Assets Depreciated	\$ 67,042,627	\$ 1,006,394	\$ (555,768)	\$ 67,493,253

Governmental Activities: (Cont.)

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,259,822	\$ 236,353	\$ 0	\$ 2,496,175
Infrastructure	18,259,347	951,054	0	19,210,401
Other Capital Assets	* 4,037,801	432,803	(444,500)	4,026,104
Total Accumulated Depreciation	\$ 24,556,970	\$ 1,620,210	\$ (444,500)	\$ 25,732,680
Total Capital Assets Depreciated, Net	\$ 42,485,657	\$ (613,816)	\$ (111,268)	\$ 41,760,573
Governmental Activities Capital Assets, Net	\$ 48,412,887	\$ (577,016)	\$ (123,368)	\$ 47,712,503

* A prior-period adjustment of \$223,103 was made to accumulated depreciation for the category Other Capital Assets. See Note I.D.8.

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

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

Governmental Activities:

General Government	\$ 71,502
Finance	4,425
Administration of Justice	15,022
Public Safety	333,005
Public Health and Welfare	52,360
Social, Cultural, and Recreational Services	25,443
Other General Government	41,150
Highways/Public Works	<u>1,077,303</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,620,210</u>

Discretely Presented Loudon County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 3,946,406	\$ 0	\$ 3,946,406
Construction in Progress	1,477,293	419,000	1,896,293
Total Capital Assets Not Depreciated	<u>\$ 5,423,699</u>	<u>\$ 419,000</u>	<u>\$ 5,842,699</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 41,707,115	\$ 364,667	\$ 42,071,782
Other Capital Assets	953,740	26,248	979,988
Total Capital Assets Depreciated	<u>\$ 42,660,855</u>	<u>\$ 390,915</u>	<u>\$ 43,051,770</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 11,454,654	\$ 1,028,877	\$ 12,483,531
Other Capital Assets	238,734	74,802	313,536
Total Accumulated Depreciation	<u>\$ 11,693,388</u>	<u>\$ 1,103,679</u>	<u>\$ 12,797,067</u>
Total Capital Assets Depreciated, Net	<u>\$ 30,967,467</u>	<u>\$ (712,764)</u>	<u>\$ 30,254,703</u>
Governmental Activities Capital Assets, Net	<u>\$ 36,391,166</u>	<u>\$ (293,764)</u>	<u>\$ 36,097,402</u>

There were no capital asset decreases during the year ended June 30, 2011. Depreciation expense was charged to functions of the discretely presented Loudon County School Department as follows:

Governmental Activities:

Instruction	\$ 17,839
Support Services	1,081,254
Operation of Non-Instructional Services	<u>4,586</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,103,679</u></u>

E. Construction Commitments

At June 30, 2011, Loudon County had uncompleted contracts of approximately \$22,173 in its General Capital Projects Fund. The discretely presented School Department's Education Capital Projects Fund had uncompleted architectural and construction contracts totaling \$227,673 for various projects and developing blueprints for school renovations and improvements. Funding has been provided for these future expenditures.

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 31,634
General Debt Service	Highway/Public Works	67,308
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	290
Nonmajor governmental	General Purpose School	19,182

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, 2011, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Debt Service	Nonmajor Governmental Funds
General	\$ 0	\$ 60,000
Highway/Public Works	126,481	0
Total	\$ 126,481	\$ 60,000

Discretely Presented Loudon County School Department

		<u>Transfer In</u>
		Nonmajor
		Governmental
<u>Transfer Out</u>		<u>Funds</u>
General Purpose School Fund	\$	317,603

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Payables

A total of \$32,699 in the nonmajor governmental funds Due to Litigants, Heirs, and Others account represents deposits from law enforcement seizures pending disposition by the Tennessee Department of Safety.

H. Hospital Lease Agreements

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

I. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds and other loans have been issued to refund other

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 16 years for bonds, up to seven years for notes, and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, other loans, and capital outlay notes included in long-term debt as of June 30, 2011, 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, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds -			
Refunding	1.8 to 4 %	\$ 5,225,000	\$ 4,360,000
Capital Outlay Notes	0 to 3.4	6,312,608	1,415,255
Other Loans - City of Loudon	0	475,000	391,079
Other Loans - PBA Variable Rate	variable	19,835,000	16,074,000
Loan Agreement - State School Bond Authority	0	4,129,500	3,004,133

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, 2011:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-11	Interest Type	Variable Interest Rates as of 6-30-11	Other Fees on Variable Rate Debt
<u>Montgomery County</u>					
<u>Public Building Authority:</u>					
Various Purposes	\$ 5,000,000	\$ 2,639,000	Variable	0.08 %	0.60
<u>Blount County</u>					
<u>Public Building Authority:</u>					
School Projects-Refunding	12,265,000	11,380,000	Variable	0.09 (1)	0.62
Various Purposes-Refunding	2,570,000	<u>2,055,000</u>	Variable	0.09	0.62
		<u>\$ 16,074,000</u>			

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

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

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-11	Interest Rates
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City of Loudon

Highlands Business Center	\$ 475,000	\$ 391,079	0 %
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Under the agreement, the county must pay its incremental tax revenues (excess of current taxes over base year amounts), from properties within the development toward the retirement of this obligation. The maximum amount the county is required to pay is \$475,000 (with no interest accruing and no stated maturity date). During the year, the county paid \$10,341 under the agreement.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2011, including estimated interest payments and other fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 345,000	\$ 160,725	\$ 505,725
2013	395,000	148,650	543,650
2014	425,000	134,825	559,825
2015	450,000	119,950	569,950
2016	480,000	104,425	584,425
2017-2020	2,265,000	228,315	2,493,315
Total	\$ 4,360,000	\$ 896,890	\$ 5,256,890

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 1,030,821	\$ 25,356	\$ 1,056,177
2013	384,434	3,257	387,691
Total	\$ 1,415,255	\$ 28,613	\$ 1,443,868

Year Ending June 30	Other Loans - PBA and QZAB			
	Principal	Interest	Other Fees	Total
2012	\$ 1,342,300	\$ 319,187	\$ 99,131	\$ 1,760,618
2013	1,403,300	303,656	92,584	1,799,540
2014	1,449,300	287,265	85,661	1,822,226
2015	1,521,300	269,897	78,455	1,869,652
2016	1,574,300	251,527	70,805	1,896,632
2017-2021	7,552,633	942,361	233,674	8,728,668
2022-2025	4,235,000	301,654	67,518	4,604,172
Total	\$ 19,078,133	\$ 2,675,547	\$ 727,828	\$ 22,481,508

Annual requirements for the \$391,079 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.C. Derivative Instruments.

There is \$7,463,136 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$90, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$195 for residents inside Lenoir City, and \$718 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, 2011, was as follows:

	Bonds	Notes	Other Loans - City of Loudon
Balance, July 1, 2010	\$ 4,680,000	\$ 3,329,305	\$ 401,420
Deductions	(320,000)	(1,914,050)	(10,341)
Balance, June 30, 2011	\$ 4,360,000	\$ 1,415,255	\$ 391,079
Balance Due Within One Year	\$ 345,000	\$ 1,030,821	\$ 0

	Other Loans - PBA & QZAB	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 20,310,817	\$ 453,781	\$ 1,337,620
Additions	0	427,627	594,454
Deductions	(1,232,684)	(398,427)	(120,575)
Balance, June 30, 2011	\$ 19,078,133	\$ 482,981	\$ 1,811,499
Balance Due Within One Year	\$ 1,342,300	\$ 398,427	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 27,538,947
Less: Balance Due Within One Year	(3,116,548)
Less: Deferred Amount on Refunding	(303,058)
Add: Unamortized Premium on Debt	9,115
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 24,128,456</u>

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, 2011:

	Notes	Other Postemployment Benefits
Balance, July 1, 2010	\$ 3,430,094	\$ 327,010
Additions	0	512,777
Deductions	* (3,430,094)	(398,743)
Balance, June 30, 2011	\$ 0	\$ 441,044
Balance Due Within One Year	\$ 0	\$ 0

* Loudon County Commission adopted resolution to assume liability for this debt without reimbursement from Loudon County Board of Education. See Note IV.B.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 441,044
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J. Pledges of Future Revenues

Tax Incremental Revenues Pledged for Retirement of County Debt

As discussed in Note IV.I., Loudon County has pledged incremental real and personal property tax revenues from the Highland Business Center development toward the retirement of a loan agreement entered into between the county and the City of Loudon. The principal amount of this outstanding loan at June 30, 2011, was \$391,079.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Loudon County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$128,325 and \$24,691, 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

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

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-2010	\$ 0	\$ 417,094	\$ (390,640)	\$ 26,454
2010-2011	26,454	395,162	(386,364)	35,252

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 School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Loudon County and the Loudon County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Events

Assessor of Property, Charles Jenkins, died July 31, 2011, and was succeeded by Michael Campbell effective September 19, 2011.

On November 1, 2011, Loudon County issued \$9,995,000 in general obligation bonds.

Subsequent to June 30, 2011, Loudon County established an Audit Committee.

D. Contingent Liabilities

Loudon County is contingently liable for certain revenue and tax bonds of a joint venture, Tellico Area Service System (TASS). Loudon County would become liable for the bonds and interest thereon, in the event of default by TASS. As of June 30, 2011, future principal and interest requirements of these bonds were \$971,445 and \$723,342, 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, 2011, future

principal and interest requirements of this loan were \$460,000 and \$77,812, respectively.

Covenant Health Financial Services has filed claims against Loudon County for \$2,508 and \$99,731 related to medical services provided for a prisoner. Loudon County disputes liability for the claims based on terms of its lease with Covenant for operations at the Ft. Loudon Medical Center. The county has not recorded any liability for the claims in its financial statements pending the ultimate resolution of claims.

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

E. Changes in Administration

On August 31, 2010, Doyle Arp left the Office of County Mayor and was succeeded by Estelle Herron; Riley Wampler left the Office of County Clerk and was succeeded by Darlene Russell; Sean Giles left the Office of Highway Superintendent and was succeeded by Eddie Simpson; and Estelle Herron left the Office of Trustee and was succeeded by George Miller.

Wayne Honeycutt left the Office of Director of Schools on May 15, 2011, and was succeeded by Jason Vance.

F. Joint Ventures

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

Administrative Office:

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

The Center Board is a joint venture formed by an interlocal agreement between Loudon County and Lenoir City. The purpose of the board is to provide operation and maintenance for the Career Center Building jointly owned by Loudon County and Lenoir City. The Center Executive Board members are approved by the city and county legislative bodies. The interlocal agreement calls for any excess revenue over the operational and

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

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

Administrative Office:

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

The Loudon County Economic Development Agency, Inc., was designated to function as the Joint Economic and Community Development Board under Public Chapter 1101. Under this role, the agency is responsible for coordinating governmental and private industrial development and economic development activities in Loudon County. The agency is a joint venture between Loudon County and the cities of Loudon and Lenoir City, and Lenoir City Industrial Committee of 100, in which each provide financial support. The agency is governed by an eight-member board comprising one member from the three governments and the remaining members from other various community organizations. Loudon County provided the agency \$148,429 in financial support during the 2010-11 year. Financial statements for the agency can be obtained from its administrative office at the following address:

Administrative Office:

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

G. Retirement Commitments

Plan Description

Employees of Loudon County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five- year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Loudon County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Loudon County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 9.52 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, 2011, the county's annual pension cost of \$1,060,636 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 entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of

return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$1,060,636	100%	\$0
6-30-10	1,056,706	100	0
6-30-09	1,078,532	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.44 percent funded. The actuarial accrued liability for benefits was \$29 million, and the actuarial value of assets was \$24 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11 million, and the ratio of the UAAL to the covered payroll was 45.39 percent.

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

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

SCHOOL TEACHERS

Plan Description

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. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, 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, 2011, 2010, and 2009, were \$1,633,960, \$1,145,874, and \$1,153,972, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Primary Government

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan
ARC	\$ 601,277
Interest on the NPO	53,505
Adjustment to the ARC	(60,328)
Annual OPEB cost	\$ 594,454
Amount of contribution	(120,575)
Increase/decrease in NPO	\$ 473,879
Net OPEB obligation, 7-1-10	1,337,620
Net OPEB obligation, 6-30-11	\$ 1,811,499

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Loudon County	\$ 746,758	11.9 %	\$ 657,561
6-30-10	"	791,740	14.1	1,337,620
6-30-11	"	594,454	20.3	1,811,499

Funded Status and Funding Progress

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

	Local Government Group Plan
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)	\$ 6,928,264
UAAL as a % of covered payroll	69.9%

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*. In previous years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now 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, 2011, the School Department contributed \$398,743 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	\$ 512,000
Interest on the NPO	14,715
Adjustment to the ARC	(13,938)
Annual OPEB cost	<u>\$ 512,777</u>
Amount of contribution	(398,743)
Increase/decrease in NPO	<u>\$ 114,034</u>
Net OPEB obligation, 7-1-10	<u>327,010</u>
Net OPEB obligation, 6-30-11	<u><u>\$ 441,044</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 411,000	66 %	\$ 227,496
6-30-10	"	497,540	80	327,010
6-30-11	"	512,777	78	441,044

Funded Status and Funding Progress

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

	Local Education Group Plan
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 4,578,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,578,000
Actuarial value of assets as a % of the AAL	0
Covered payroll (active plan members)	\$ 22,339,921
UAAL as a % of covered payroll	20.5%

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, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. These rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Office of Director of Accounts and Budgets

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

J. Purchasing Laws

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

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

A. Summary of Significant Accounting Policies

1. Nature of Business

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

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

2. Basis of Accounting

The financial statements of the district are reported on the accrual basis. In accordance with the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts issued by the Tennessee Office of the Comptroller of the Treasury, the district is required to apply all pronouncements of the Governmental Accounting Standards Board (GASB). Under GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the district has elected to apply all Financial Accounting Standards Board statements and interpretations that do not conflict with or contradict GASB pronouncements.

3. Cash and Cash Equivalents

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

4. **Receivables**

The accounts receivable balance of \$43,941 primarily represents amounts due from AT&T for the surcharge on Loudon County telephone services for the month of June 2011, and wireless commissions due from the State of Tennessee for May through June 2011.

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 \$2,500 (as changed by board approval from \$500 effective March 3, 2011) and an estimated useful life in excess of two years. Such assets are stated at historical cost, less accumulated depreciation computed on the straight-line method over their estimated useful lives as follows: buildings – 40 years; office equipment and furnishings – three to seven years; communications equipment – five to ten years. When assets are retired or otherwise disposed of, the average cost is removed from the asset account and the accumulated depreciation account. Removal cost, less any salvage value, is charged or credited to the accumulated depreciation account. The cost of maintenance and repairs is charged to earnings as incurred.

6. **Estimates**

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

7. **Compensated Absences**

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

Accrued vacation pay totaling \$8,634 has been recorded for this reporting period.

8. Tax Status

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

B. Budgetary Control

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

C. Deposits

Custodial credit risk for the district's deposits is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2011, the carrying amount of deposits was \$445,439, and the bank balances were \$457,701. 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, 2011, none of the district's bank balances was exposed to credit risk.

D. Revenue

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

E. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To minimize its costs, the district insures itself against potential losses associated with these risks through the purchase of commercial insurance. There were no significant reductions in limits of liability or coverage of insurance policies in effect during 2011 from those in effect in 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, 2011, was as follows:

	Balance 7-1-10	Additions	Balance 6-30-11
Capital Assets, Being Depreciated:			
Buildings and Improvements	\$ 1,664,200	\$ 0	\$ 1,664,200
Vehicles	39,557	0	39,557
Furniture and Fixtures	90,440	0	90,440
Office Equipment	90,247	2,209	92,456
Communication Equipment	912,190	48,035	960,225
Total Capital Assets	\$ 2,796,634	\$ 50,244	\$ 2,846,878
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ (62,407)	\$ (41,631)	\$ (104,038)
Vehicles	(27,606)	(7,912)	(35,518)
Furniture and Fixtures	(36,009)	(12,295)	(48,304)
Office Equipment	(78,750)	(9,479)	(88,229)
Communication Equipment	(400,672)	(110,754)	(511,426)
Total Accumulated Depreciation	\$ (605,444)	\$ (182,071)	\$ (787,515)
Total Assets Being Depreciated, Net	\$ 2,191,190	\$ (131,827)	\$ 2,059,363

G. Bonds Payable

Emergency Communications District Revenue Bond, Series 2007, for \$1.5 million was issued May 26, 2009, to pay the majority of the cost to construct and equip a new facility to house the district's operations. The bonds are payable in 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 the year. 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 \$53,447 in 2011, and the balance outstanding on the bonds at June 30, 2011, was \$1,231,311.

	Balance 7-1-10	Retirements	Balance 6-30-11	Due in One Year
Long-term debt:				
Revenue bonds:				
Series 2007	\$ 1,468,404	\$ 237,093	\$ 1,231,311	\$ 40,509

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	40,509	50,031	90,540
2013	42,212	48,328	90,540
2014	43,986	46,554	90,540
2015	45,835	44,705	90,540
2016	47,762	42,778	90,540
2017-2021	270,670	182,030	452,700
2022-2026	332,553	120,147	452,700
2027-2030	407,781	44,919	452,700
Total	\$ 1,231,311	\$ 579,492	\$ 1,810,800

H. Dispatch Service Agreement

Beginning January 1, 2010, the district entered into an agreement with Loudon County, Tennessee, to manage the employment of personnel, operate 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, Tennessee, will provide funding of up to \$540,000 with annual renewals subject to withdrawal or termination provisions for either party as detailed in the agreement.

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 will make available to Loudon County offices an emergency operations space for the Emergency Management Agency (EMA), a subsidiary of Loudon County, for up to 30 years, with an extension possible upon mutual agreement of both parties.

J. Operating Leases

Operating leases in place during the year were as follows:

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

K. Employee Retirement Plan

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

TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

The district became responsible for the employees previously contracted with Loudon County on January 1, 2010. With that event, the eligible employees in the TCRS program transferred funds into an account that was performed as of April 1, 2011. From that valuation the district was notified that the amounts being held for employees and the employer matching contributions should be remitted to the program and that payment was made in July 2011. In addition, the district was informed that employees should continue to contribute five percent of their earnable compensation and the district should contribute at the actuarially determined monthly rate of 4.42 percent beginning in July 2011. The amount held at June 30, 2011, from employees totaled \$30,232, and matching employer contributions of \$37,253 should be remitted. As of November 28, 2011, the remaining information to be reported for the plan was not yet available.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,630,965	\$ 0	\$ 0	\$ 8,630,965	\$ 8,482,939	\$ 8,605,194	\$ 25,771
Licenses and Permits	484,203	0	0	484,203	446,500	413,000	71,203
Fines, Forfeitures, and Penalties	416,392	0	0	416,392	436,400	435,150	(18,758)
Charges for Current Services	65,624	0	0	65,624	55,800	61,400	4,224
Other Local Revenues	243,288	0	0	243,288	140,393	209,492	33,796
Fees Received from County Officials	2,094,771	0	0	2,094,771	2,145,000	2,056,400	38,371
State of Tennessee	1,408,295	0	0	1,408,295	1,468,554	1,411,189	(2,894)
Federal Government	60,528	0	0	60,528	179,731	369,420	(308,892)
Other Governments and Citizens Groups	97,955	0	0	97,955	52,192	88,803	9,152
Total Revenues	\$ 13,502,021	\$ 0	\$ 0	\$ 13,502,021	\$ 13,407,509	\$ 13,650,048	\$ (148,027)
<u>Expenditures</u>							
General Government							
County Commission	\$ 126,517	\$ 0	\$ 0	\$ 126,517	\$ 130,903	\$ 133,496	\$ 6,979
Board of Equalization	1,558	0	0	1,558	1,500	2,000	442
Beer Board	3,592	0	0	3,592	4,500	4,500	908
Other Boards and Committees	4,900	0	0	4,900	7,000	7,000	2,100
County Mayor/Executive	166,938	0	0	166,938	162,591	171,602	4,664
Personnel Office	65,525	0	0	65,525	66,361	68,568	3,043
County Attorney	77,251	0	0	77,251	81,000	81,000	3,749
Election Commission	265,084	0	3,296	268,380	277,362	285,932	17,552
Register of Deeds	342,396	0	0	342,396	314,140	363,538	21,142
Planning	347,690	0	0	347,690	365,123	367,843	20,153
Geographical Information Systems	58,135	0	0	58,135	58,770	60,621	2,486
County Buildings	1,142,361	(1,639)	4,270	1,144,992	1,206,535	1,222,381	77,389

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	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	231,957	\$	235,000	\$ 3,043
<u>Finance</u>							
Accounting and Budgeting	475,392	0	0	475,392	491,692	480,376	4,984
Purchasing	183,691	(556)	0	183,135	178,331	187,587	4,452
Property Assessor's Office	354,976	0	12,300	367,276	389,525	403,494	36,218
County Trustee's Office	297,948	0	0	297,948	298,555	302,976	5,028
County Clerk's Office	464,970	0	0	464,970	451,062	485,580	20,610
Data Processing	75,193	0	0	75,193	74,513	88,585	13,392
<u>Administration of Justice</u>							
Circuit Court	283,477	0	0	283,477	278,674	290,570	7,093
General Sessions Court	470,233	0	0	470,233	496,308	493,186	22,953
General Sessions Judge	253,822	0	0	253,822	236,912	261,664	7,842
Chancery Court	225,214	0	0	225,214	220,210	227,911	2,697
Juvenile Court	381,724	(243)	0	381,481	391,410	400,250	18,769
District Attorney General	96,365	0	0	96,365	0	96,365	0
Other Administration of Justice	14,020	0	0	14,020	15,500	15,500	1,480
<u>Public Safety</u>							
Sheriff's Department	3,949,371	(140)	24,000	3,973,231	3,738,817	4,118,159	144,928
Special Patrols	23,731	0	0	23,731	24,000	25,307	1,576
Traffic Control	879	0	0	879	1,800	1,800	921
Administration of the Sexual Offender Registry	0	0	0	0	1,800	1,800	1,800
Jail	1,473,012	0	0	1,473,012	1,369,018	1,564,952	91,940
Juvenile Services	18,915	0	0	18,915	20,832	20,832	1,917
Rural Fire Protection	51,750	0	4,250	56,000	56,000	56,000	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Civil Defense	\$ 110,277	\$ 0	\$ 0	\$ 110,277	\$ 111,076	\$ 113,753	\$ 3,476
Rescue Squad	91,650	0	0	91,650	88,000	91,650	0
Other Emergency Management	304,491	0	13,957	318,448	130,000	318,529	81
County Coroner/Medical Examiner	47,000	0	0	47,000	49,000	50,000	3,000
Other Public Safety	549,893	0	0	549,893	544,913	550,494	601
<u>Public Health and Welfare</u>							
Local Health Center	116,113	0	920	117,033	123,773	130,617	13,584
Rabies and Animal Control	293,998	(1,053)	2,350	295,295	292,367	304,634	9,339
Other Local Health Services	323,429	0	0	323,429	477,676	398,400	74,971
Other Local Welfare Services	12,312	0	0	12,312	0	15,162	2,850
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	5,000	0	0	5,000	5,000	5,000	0
Senior Citizens Assistance	193,928	(7,816)	1,426	187,538	188,286	199,586	12,048
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	139,095	0	0	139,095	140,984	143,459	4,364
Soil Conservation	18,195	0	0	18,195	17,051	19,339	1,144
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	105,509	0	0	105,509	100,000	105,509	0
Industrial Development	161,156	0	0	161,156	161,159	161,159	3
Housing and Urban Development	2,250	0	0	2,250	3,000	3,000	750
Veterans' Services	9,516	0	0	9,516	10,336	10,336	820
Contributions to Other Agencies	71,036	0	0	71,036	71,036	71,036	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Employee Benefits	\$ 358	\$ 0	\$ 0	\$ 358	\$ 233,593	\$ 408	\$ 50
ARRA Grant # 2	15,598	0	0	15,598	18,963	15,598	0
Miscellaneous	251,415	0	0	251,415	306,500	306,500	55,085
Principal on Debt							
General Government	10,341	0	0	10,341	10,500	10,500	159
Total Expenditures	\$ 14,766,607	\$ (11,447)	\$ 66,769	\$ 14,821,929	\$ 14,734,417	\$ 15,556,504	\$ 734,575
 Excess (Deficiency) of Revenues Over Expenditures							
	\$ (1,264,586)	\$ 11,447	\$ (66,769)	\$ (1,319,908)	\$ (1,326,908)	\$ (1,906,456)	\$ 586,548
 <u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 30,759	\$ 0	\$ 0	\$ 30,759	\$ 0	\$ 28,827	\$ 1,932
Transfers Out	(60,000)	0	0	(60,000)	0	(60,000)	0
Total Other Financing Sources (Uses)	\$ (29,241)	\$ 0	\$ 0	\$ (29,241)	\$ 0	\$ (31,173)	\$ 1,932
 Net Change in Fund Balance	\$ (1,293,827)	\$ 11,447	\$ (66,769)	\$ (1,349,149)	\$ (1,326,908)	\$ (1,937,629)	\$ 588,480
Fund Balance, July 1, 2010	8,261,230	(11,447)	0	8,249,783	6,623,112	6,623,112	1,626,671
 Fund Balance, June 30, 2011	\$ 6,967,403	\$ 0	\$ (66,769)	\$ 6,900,634	\$ 5,296,204	\$ 4,685,483	\$ 2,215,151

Exhibit F-2

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Local Taxes	\$ 615,973	\$ 0	\$ 0	\$ 615,973	\$ 642,557	\$ 619,610	\$ (3,637)
Other Local Revenues	97,835	0	0	97,835	16,273	102,595	(4,760)
State of Tennessee	1,910,278	0	0	1,910,278	2,397,908	2,397,908	(487,630)
Total Revenues	\$ 2,624,086	\$ 0	\$ 0	\$ 2,624,086	\$ 3,056,738	\$ 3,120,113	\$ (496,027)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 697,182	\$ 0	\$ 0	\$ 697,182	\$ 702,320	\$ 724,631	\$ 27,449
Highway and Bridge Maintenance	853,810	(1,147)	0	852,663	535,750	873,536	20,873
Operation and Maintenance of Equipment	258,422	0	7,163	265,585	295,700	303,215	37,630
Other Charges	153,721	0	0	153,721	153,590	163,181	9,460
Employee Benefits	329,784	0	0	329,784	352,066	342,021	12,237
Capital Outlay	580,387	0	0	580,387	1,113,343	1,191,846	611,459
Total Expenditures	\$ 2,873,306	\$ (1,147)	\$ 7,163	\$ 2,879,322	\$ 3,152,769	\$ 3,598,430	\$ 719,108
Excess (Deficiency) of Revenues Over Expenditures	\$ (249,220)	\$ 1,147	\$ (7,163)	\$ (255,236)	\$ (96,031)	\$ (478,317)	\$ 223,081
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 10,352	\$ 0	\$ 0	\$ 10,352	\$ 0	\$ 10,353	\$ (1)
Transfers Out	(126,481)	0	0	(126,481)	(151,151)	(151,151)	24,670
Total Other Financing Sources (Uses)	\$ (116,129)	\$ 0	\$ 0	\$ (116,129)	\$ (151,151)	\$ (140,798)	\$ 24,669
Net Change in Fund Balance	\$ (365,349)	\$ 1,147	\$ (7,163)	\$ (371,365)	\$ (247,182)	\$ (619,115)	\$ 247,750
Fund Balance, July 1, 2010	1,305,146	(1,147)	0	1,303,999	1,129,447	1,129,447	174,552
Fund Balance, June 30, 2011	\$ 939,797	\$ 0	\$ (7,163)	\$ 932,634	\$ 882,265	\$ 510,332	\$ 422,302

Exhibit F-3

Loudon County, Tennessee

Schedule of Funding Progress – Pension Plan

Primary Government and Discretely Presented Loudon County School Department

June 30, 2011

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-01-09	\$ 24,044	\$ 29,167	\$ 5,123	82.44 %	\$ 11,285	45.39 %
7-01-07	22,189	26,276	4,087	84.45	10,267	39.81

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

Exhibit F-4

Loudon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Loudon County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Government Group*	7-1-08	\$	\$	5,347	0 %	\$	72.37 %
"	7-1-10	0	4,846	4,846	0	6,928	69.9
Local Education Group	7-1-07	0	3,885	3,885	0	18,060	21.51
"	7-1-09	0	4,487	4,487	0	22,093	20.31
"	7-1-10	0	4,578	4,578	0	22,340	20.49

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

LOUDON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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.

At June 30, 2011, Loudon County reported the following significant encumbrances in the General Fund:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Major Fund:		
General	Sheriff Department Vehicles	\$ 24,000

**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.

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

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

Loudon County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds				
	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Other Special Revenue
\$	0 \$	250 \$	0 \$	0 \$	0 \$
23,901	137,373	789,090	45,058	161,973	45,133
0	0	5,440	0	0	0
0	0	115,971	0	0	0
0	274,442	91,480	0	0	0
0	(17,354)	(5,784)	0	0	0
0	4,935	4,979	0	0	0
\$	23,901 \$	399,646 \$	1,001,176 \$	45,058 \$	161,973 \$
					45,133

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	0 \$	639 \$	14,429 \$	0 \$	722 \$
Accrued Payroll	0	6,399	8,620	0	0
Retainage Payable	0	0	0	0	0
Due to Other Funds	0	0	830	0	0
Due to Litigants, Heirs, and Others	0	0	0	0	32,699
Deferred Revenue - Current Property Taxes	0	251,706	83,902	0	0
Deferred Revenue - Delinquent Property Taxes	0	4,649	1,550	0	0
Other Deferred Revenues	0	0	58,931	0	0
Total Liabilities	0 \$	263,393 \$	168,262 \$	0 \$	33,421 \$
					115
<u>Fund Balances</u>					
Nonspendable:					
Prepaid Items	0 \$	4,935 \$	4,979 \$	0 \$	0 \$
Restricted:					
Restricted for Administration of Justice	23,901	0	0	0	0
Restricted for Public Safety	0	0	0	0	128,552
					45,018

(Continued)

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

Exhibit G-1

	Special Revenue Funds					
	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Other Special Revenue
\$	0 \$	0 \$	228,195 \$	0 \$	0 \$	0
0	131,318	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	599,740	0	0	0
0	0	0	0	45,058	0	0
\$ 23,901	\$ 136,253	\$ 832,914	\$ 45,058	\$ 128,552	\$ 45,018	
\$ 23,901	\$ 399,646	\$ 1,001,176	\$ 45,058	\$ 161,973	\$ 45,133	

(Continued)

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Restricted (Cont.):	
Restricted for Public Health and Welfare	
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 Balance Sheet
Nonmajor Governmental Funds (Cont.)

		Special Revenue Funds		Capital Projects Funds		
		(Cont.)		General Capital Projects	Highway Capital Projects	Total Nonmajor Governmental Funds
	Constituent Officers - Fees	Total				
\$	30,553 \$	30,803 \$	0 \$	0 \$	0 \$	30,803
	0	1,202,528	1,431,140	293,741	1,724,881	2,927,409
	251	5,691	341,558	0	341,558	347,249
	0	115,971	508,197	0	508,197	624,168
	0	365,922	274,442	320,182	594,624	960,546
	0	(23,138)	(17,354)	(20,247)	(37,601)	(60,739)
	0	9,914	0	0	0	9,914
\$	30,804 \$	1,707,691 \$	2,537,983 \$	593,676 \$	3,131,659 \$	4,839,350

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

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

Fund Balances

Nonspendable:
 Prepaid Items
 Restricted:
 Restricted for Administration of Justice
 Restricted for Public Safety

(Continued)

Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
Constitu- tional - Officers - Fees	Total	General Capital Projects	Highway Capital Projects	Total	
\$	0 \$	228,195 \$	0 \$	0 \$	228,195
	0	131,318	0	0	131,318
	0	0	1,890,421	294,596	2,185,017
	0	599,740	0	0	599,740
	0	45,058	0	0	45,058
\$	0 \$	1,211,696 \$	1,890,421 \$	294,596 \$	2,185,017 \$
\$	30,804 \$	1,707,691 \$	2,537,983 \$	593,676 \$	3,131,659 \$
					4,839,350

Fund Balances (Cont.)
 Restricted (Cont.):
 Restricted for Public Health and Welfare
 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

Loudon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds					
	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
<u>Revenues</u>						
Local Taxes	\$ 4,578	\$ 247,300	\$ 688,937	\$ 0	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	0	0	73,799
Charges for Current Services	0	9,054	0	0	0	6
Other Local Revenues	0	696	128,794	11,116	0	32,675
State of Tennessee	0	2,000	30,637	0	0	0
Federal Government	0	0	0	0	0	30,482
Other Governments and Citizens Groups	0	29,785	0	0	0	0
Total Revenues	\$ 4,578	\$ 288,835	\$ 848,368	\$ 11,116	\$ 0	136,962
<u>Expenditures</u>						
Current:						
Public Safety	\$ 0	0	0	0	0	102,201
Public Health and Welfare	0	0	610,039	0	0	19,122
Social, Cultural, and Recreational Services	2,200	267,022	0	0	0	0
Other Operations	47	5,016	7,920	4,405	0	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 2,247	\$ 272,038	\$ 617,959	\$ 4,405	\$ 0	121,323
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,331	\$ 16,797	\$ 230,409	\$ 6,711	\$ 15,639	
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 60,000	\$ 0	\$ 0	\$ 0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 60,000	\$ 0	\$ 0	\$ 0	0
Net Change in Fund Balances	\$ 2,331	\$ 76,797	\$ 230,409	\$ 6,711	\$ 15,639	
Fund Balance, July 1, 2010	21,570	59,456	602,505	38,347	112,913	
Fund Balance, June 30, 2011	\$ 23,901	\$ 136,253	\$ 832,914	\$ 45,058	\$ 128,552	

(Continued)

Exhibit G-2

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

Special Revenue Funds							
	(Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds	
	Other Special Revenue	Total	General Capital Projects	Highway Capital Projects	Total		
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 940,815	\$ 261,931	\$ 296,941	\$ 558,872	\$ 1,499,687	
Fines, Forfeitures, and Penalties	2,207	76,006	0	0	0	76,006	
Charges for Current Services	0	9,060	0	0	0	9,060	
Other Local Revenues	0	173,281	2,808	0	2,808	176,089	
State of Tennessee	0	32,637	508,197	0	508,197	540,834	
Federal Government	0	30,482	12,647	0	12,647	43,129	
Other Governments and Citizens Groups	0	29,785	225,019	0	225,019	254,804	
Total Revenues	\$ 2,207	\$ 1,292,066	\$ 1,010,602	\$ 296,941	\$ 1,307,543	\$ 2,599,609	
<u>Expenditures</u>							
Current:							
Public Safety	\$ 15,450	\$ 117,651	\$ 0	\$ 0	\$ 0	\$ 117,651	
Public Health and Welfare	0	629,161	0	0	0	629,161	
Social, Cultural, and Recreational Services	0	269,222	0	0	0	269,222	
Other Operations	0	17,388	7,262	0	7,262	24,650	
Capital Projects	0	0	1,242,302	282,473	1,524,775	1,524,775	
Total Expenditures	\$ 15,450	\$ 1,033,422	\$ 1,249,564	\$ 282,473	\$ 1,532,037	\$ 2,565,459	
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,243)	\$ 258,644	\$ (238,962)	\$ 14,468	\$ (224,494)	\$ 34,150	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 60,000	
Total Other Financing Sources (Uses)	\$ 0	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 60,000	
Net Change in Fund Balances	\$ (13,243)	\$ 318,644	\$ (238,962)	\$ 14,468	\$ (224,494)	\$ 94,150	
Fund Balance, July 1, 2010	58,261	893,052	2,129,383	280,128	2,409,511	3,302,563	
Fund Balance, June 30, 2011	\$ 45,018	\$ 1,211,696	\$ 1,890,421	\$ 294,596	\$ 2,185,017	\$ 3,396,713	

Exhibit G-3

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Law Library Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,578	\$ 6,200	\$ 6,200	\$ (1,622)
Total Revenues	\$ 4,578	\$ 6,200	\$ 6,200	\$ (1,622)
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 2,200	\$ 6,000	\$ 6,000	\$ 3,800
<u>Other Operations</u>				
Miscellaneous	47	150	150	103
Total Expenditures	\$ 2,247	\$ 6,150	\$ 6,150	\$ 3,903
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,331	\$ 50	\$ 50	\$ 2,281
Net Change in Fund Balance	\$ 2,331	\$ 50	\$ 50	\$ 2,281
Fund Balance, July 1, 2010	21,570	18,155	18,155	3,415
Fund Balance, June 30, 2011	\$ 23,901	\$ 18,205	\$ 18,205	\$ 5,696

Exhibit G-4

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Public Library Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Local Taxes	\$ 247,300	\$ 0	\$ 0	\$ 247,300	\$ 248,380	\$ 248,707	\$ (1,407)
Charges for Current Services	9,054	0	0	9,054	7,600	8,715	339
Other Local Revenues	696	0	0	696	0	898	(202)
State of Tennessee	2,000	0	0	2,000	0	2,000	0
Other Governments and Citizens Groups	29,785	0	0	29,785	31,585	29,785	0
Total Revenues	\$ 288,835	\$ 0	\$ 0	\$ 288,835	\$ 287,565	\$ 290,105	\$ (1,270)
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Libraries	\$ 267,022	\$ (3,062)	\$ 174	\$ 264,134	\$ 278,668	\$ 290,990	\$ 26,856
Other Operations	5,016	0	0	5,016	4,968	6,000	984
Miscellaneous	272,038	(3,062)	174	269,150	283,636	296,990	27,840
Total Expenditures	\$ 16,797	\$ 3,062	\$ (174)	\$ 19,685	\$ 3,929	\$ (6,885)	\$ 26,570
Excess (Deficiency) of Revenues Over Expenditures							
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 60,000	\$ 0	\$ 0	\$ 60,000	\$ 0	\$ 60,000	\$ 0
Total Other Financing Sources (Uses)	\$ 60,000	\$ 0	\$ 0	\$ 60,000	\$ 0	\$ 60,000	\$ 0
Net Change in Fund Balance	\$ 76,797	\$ 3,062	\$ (174)	\$ 79,685	\$ 3,929	\$ 53,115	\$ 26,570
Fund Balance, July 1, 2010	59,456	(3,062)	0	56,394	30,051	30,051	26,343
Fund Balance, June 30, 2011	\$ 136,253	\$ 0	\$ (174)	\$ 136,079	\$ 33,980	\$ 83,166	\$ 52,913

Exhibit G-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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>						
Local Taxes	\$ 688,937	\$ 0	\$ 688,937	\$ 582,793	\$ 638,398	\$ 50,539
Other Local Revenues	128,794	0	128,794	50,711	117,144	11,650
State of Tennessee	30,637	0	30,637	31,188	40,700	(10,063)
Total Revenues	\$ 848,368	\$ 0	\$ 848,368	\$ 664,692	\$ 796,242	\$ 52,126
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Education/Information	\$ 23,551	\$ 5,738	\$ 29,289	\$ 31,188	\$ 31,188	\$ 1,899
Convenience Centers	586,488	0	586,488	595,952	649,694	63,206
<u>Other Operations</u>						
Miscellaneous	7,920	0	7,920	10,000	10,000	2,080
<u>Principal on Debt</u>						
General Government	0	0	0	27,000	4,000	4,000
Total Expenditures	\$ 617,959	\$ 5,738	\$ 623,697	\$ 664,140	\$ 694,882	\$ 71,185
Excess (Deficiency) of Revenues Over Expenditures	\$ 230,409	\$ (5,738)	\$ 224,671	\$ 552	\$ 101,360	\$ 123,311
Net Change in Fund Balance	\$ 230,409	\$ (5,738)	\$ 224,671	\$ 552	\$ 101,360	\$ 123,311
Fund Balance, July 1, 2010	602,505	0	602,505	602,063	602,063	442
Fund Balance, June 30, 2011	\$ 832,914	\$ (5,738)	\$ 827,176	\$ 602,615	\$ 703,423	\$ 123,753

Exhibit G-6

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 11,116	\$ 15,000	\$ 15,000	\$ (3,884)
Total Revenues	\$ 11,116	\$ 15,000	\$ 15,000	\$ (3,884)
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 4,300	\$ 8,000	\$ 8,000	\$ 3,700
Miscellaneous	105	300	300	195
Total Expenditures	\$ 4,405	\$ 8,300	\$ 8,300	\$ 3,895
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,711	\$ 6,700	\$ 6,700	\$ 11
Net Change in Fund Balance	\$ 6,711	\$ 6,700	\$ 6,700	\$ 11
Fund Balance, July 1, 2010	38,347	37,767	37,767	580
Fund Balance, June 30, 2011	\$ 45,058	\$ 44,467	\$ 44,467	\$ 591

Exhibit G-7

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 73,799	\$ 0	\$ 0	\$ 73,799	\$ 65,000	\$ 77,500	\$ (3,701)
Charges for Current Services	6	0	0	6	0	0	6
Other Local Revenues	32,675	0	0	32,675	15,000	30,000	2,675
Federal Government	30,482	0	0	30,482	0	32,000	(1,518)
Total Revenues	\$ 136,962	\$ 0	\$ 0	\$ 136,962	\$ 80,000	\$ 139,500	\$ (2,538)
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 102,201	\$ 0	\$ 5,285	\$ 107,486	\$ 105,400	\$ 124,616	\$ 17,130
Public Health and Welfare	19,122	(19,122)	0	0	0	0	0
Alcohol and Drug Programs	\$ 121,323	\$ (19,122)	\$ 5,285	\$ 107,486	\$ 105,400	\$ 124,616	\$ 17,130
Total Expenditures	\$ 15,639	\$ 19,122	\$ (5,285)	\$ 29,476	\$ (25,400)	\$ 14,884	\$ 14,592
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,639	\$ 19,122	\$ (5,285)	\$ 29,476	\$ (25,400)	\$ 14,884	\$ 14,592
Net Change in Fund Balance	\$ 112,913	\$ (19,122)	\$ 0	\$ 93,791	\$ 78,339	\$ 78,339	\$ 15,452
Fund Balance, July 1, 2010	\$ 128,552	\$ 0	\$ (5,285)	\$ 123,267	\$ 52,939	\$ 93,223	\$ 30,044
Fund Balance, June 30, 2011							

Exhibit G-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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 2,207	\$ 0	\$ 2,207	\$ 5,000	\$ 5,000	\$ (2,793)
Total Revenues	\$ 2,207	\$ 0	\$ 2,207	\$ 5,000	\$ 5,000	\$ (2,793)
<u>Expenditures</u>						
Public Safety						
Drug Enforcement	\$ 15,450	\$ 680	\$ 16,130	\$ 34,000	\$ 34,000	\$ 17,870
Total Expenditures	\$ 15,450	\$ 680	\$ 16,130	\$ 34,000	\$ 34,000	\$ 17,870
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,243)	\$ (680)	\$ (13,923)	\$ (29,000)	\$ (29,000)	\$ 15,077
Net Change in Fund Balance	\$ (13,243)	\$ (680)	\$ (13,923)	\$ (29,000)	\$ (29,000)	\$ 15,077
Fund Balance, July 1, 2010	58,261	0	58,261	58,260	58,260	1
Fund Balance, June 30, 2011	\$ 45,018	\$ (680)	\$ 44,338	\$ 29,260	\$ 29,260	\$ 15,078

Exhibit G-9

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Local Taxes	\$ 261,931	\$ 0	\$ 0	\$ 261,931	\$ 259,880	\$ 261,417	\$ 514
Other Local Revenues	2,808	0	0	2,808	5,000	5,000	(2,192)
State of Tennessee	508,197	0	0	508,197	0	550,129	(41,932)
Federal Government	12,647	0	0	12,647	0	13,000	(353)
Other Governments and Citizens Groups	225,019	0	0	225,019	6,627	613,226	(388,207)
Total Revenues	\$ 1,010,602	\$ 0	\$ 0	\$ 1,010,602	\$ 271,507	\$ 1,442,772	\$ (432,170)
<u>Expenditures</u>							
<u>Other Operations</u>							
Miscellaneous	\$ 7,262	\$ 0	\$ 0	\$ 7,262	\$ 7,200	\$ 8,200	\$ 938
<u>Capital Projects</u>							
General Administration Projects	67,275	(57,335)	0	9,940	60,000	60,000	50,060
Administration of Justice Projects	12,627	0	0	12,627	0	13,000	373
Public Safety Projects	0	0	0	0	135,000	135,000	135,000
Public Health and Welfare Projects	7,500	0	0	7,500	0	7,500	0
Other General Government Projects	1,118,100	0	37,472	1,155,572	0	1,156,728	1,156
Highway and Street Capital Projects	36,800	0	0	36,800	0	55,849	19,049
Total Expenditures	\$ 1,249,564	\$ (57,335)	\$ 37,472	\$ 1,229,701	\$ 202,200	\$ 1,436,277	\$ 206,576
Excess (Deficiency) of Revenues Over Expenditures	\$ (238,962)	\$ 57,335	\$ (37,472)	\$ (219,099)	\$ 69,307	\$ 6,495	\$ (225,594)
Net Change in Fund Balance	\$ (238,962)	\$ 57,335	\$ (37,472)	\$ (219,099)	\$ 69,307	\$ 6,495	\$ (225,594)
Fund Balance, July 1, 2010	2,129,383	(57,335)	0	2,072,048	2,068,611	2,068,611	3,437
Fund Balance, June 30, 2011	\$ 1,890,421	\$ 0	\$ (37,472)	\$ 1,852,949	\$ 2,137,918	\$ 2,075,106	\$ (222,157)

Exhibit G-10

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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>						
Local Taxes	\$ 296,941	\$ 0	\$ 296,941	\$ 289,777	\$ 298,885	\$ (1,944)
Total Revenues	\$ 296,941	\$ 0	\$ 296,941	\$ 289,777	\$ 298,885	\$ (1,944)
<u>Expenditures</u>						
Capital Projects						
Highway and Street Capital Projects	\$ 282,473	\$ 183,599	\$ 466,072	\$ 289,777	\$ 515,277	\$ 49,205
Total Expenditures	\$ 282,473	\$ 183,599	\$ 466,072	\$ 289,777	\$ 515,277	\$ 49,205
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,468	\$ (183,599)	\$ (169,131)	\$ 0	\$ (216,392)	\$ 47,261
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 14,468	\$ (183,599)	\$ (169,131)	\$ 0	\$ (216,392)	\$ 47,261
	280,128	0	280,128	278,363	278,363	1,765
Fund Balance, June 30, 2011	\$ 294,596	\$ (183,599)	\$ 110,997	\$ 278,363	\$ 61,971	\$ 49,026

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.

Exhibit H-1

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,150,304	\$ 1,150,314	\$ 1,153,914	\$ (3,610)
Other Local Revenues	38,250	7,000	35,000	3,250
Other Governments and Citizens Groups	234,665	144,300	234,665	0
Total Revenues	<u>\$ 1,423,219</u>	<u>\$ 1,301,614</u>	<u>\$ 1,423,579</u>	<u>\$ (360)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 831,000	\$ 831,000	\$ 831,000	\$ 0
Highways and Streets	54,269	54,246	54,246	(23)
<u>Interest on Debt</u>				
General Government	215,629	430,575	430,575	214,946
Highways and Streets	1,007	1,025	1,025	18
<u>Other Debt Service</u>				
General Government	264,510	181,800	272,165	7,655
Total Expenditures	<u>\$ 1,366,415</u>	<u>\$ 1,498,646</u>	<u>\$ 1,589,011</u>	<u>\$ 222,596</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 56,804</u>	<u>\$ (197,032)</u>	<u>\$ (165,432)</u>	<u>\$ 222,236</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 126,481	\$ 151,151	\$ 151,151	\$ (24,670)
Total Other Financing Sources (Uses)	<u>\$ 126,481</u>	<u>\$ 151,151</u>	<u>\$ 151,151</u>	<u>\$ (24,670)</u>
Net Change in Fund Balance	\$ 183,285	\$ (45,881)	\$ (14,281)	\$ 197,566
Fund Balance, July 1, 2010	<u>2,345,133</u>	<u>2,344,849</u>	<u>2,344,849</u>	<u>284</u>
Fund Balance, June 30, 2011	<u><u>\$ 2,528,418</u></u>	<u><u>\$ 2,298,968</u></u>	<u><u>\$ 2,330,568</u></u>	<u><u>\$ 197,850</u></u>

Exhibit H-2

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,136,542	\$ 2,083,074	\$ 2,142,938	\$ (6,396)
Other Local Revenues	16,900	20,000	15,000	1,900
Total Revenues	<u>\$ 2,153,442</u>	<u>\$ 2,103,074</u>	<u>\$ 2,157,938</u>	<u>\$ (4,496)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 2,581,465	\$ 2,644,905	\$ 2,582,830	\$ 1,365
<u>Interest on Debt</u>				
Education	496,207	541,707	542,329	46,122
<u>Other Debt Service</u>				
Education	43,880	80,000	80,000	36,120
<u>Capital Projects</u>				
Education Capital Projects	3,430,094	0	3,430,094	0
Total Expenditures	<u>\$ 6,551,646</u>	<u>\$ 3,266,612</u>	<u>\$ 6,635,253</u>	<u>\$ 83,607</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,398,204)</u>	<u>\$ (1,163,538)</u>	<u>\$ (4,477,315)</u>	<u>\$ 79,111</u>
Net Change in Fund Balance	\$ (4,398,204)	\$ (1,163,538)	\$ (4,477,315)	\$ 79,111
Fund Balance, July 1, 2010	<u>9,332,922</u>	<u>5,788,866</u>	<u>5,788,866</u>	<u>3,544,056</u>
Fund Balance, June 30, 2011	<u><u>\$ 4,934,718</u></u>	<u><u>\$ 4,625,328</u></u>	<u><u>\$ 1,311,551</u></u>	<u><u>\$ 3,623,167</u></u>

Fiduciary Funds

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

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

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

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

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

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

Loudon County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

Exhibit I-1

	Agency Funds				
	Cities - Sales Tax	City School ADA - Lenoir City	Constitu- tional Officers - Agency	Other Agency	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 659,480	\$ 0	\$ 659,480
Equity in Pooled Cash and Investments	0	172,427	0	2,397,087	2,569,514
Due from Other Governments	643,470	265,284	0	0	908,754
Taxes Receivable	0	5,252,752	0	0	5,252,752
Allowance for Uncollectible Taxes	0	(332,151)	0	0	(332,151)
Total Assets	\$ 643,470	\$ 5,358,312	\$ 659,480	\$ 2,397,087	\$ 9,058,349
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 643,470	\$ 5,358,312	\$ 0	\$ 0	\$ 6,001,782
Due to Litigants, Heirs, and Others	0	0	659,480	0	659,480
Due to Joint Ventures	0	0	0	2,397,087	2,397,087
Total Liabilities	\$ 643,470	\$ 5,358,312	\$ 659,480	\$ 2,397,087	\$ 9,058,349

Exhibit I-2

Loudon County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,496,923	\$ 3,496,923	\$ 0
Due from Other Governments	599,113	643,470	599,113	643,470
Total Assets	\$ 599,113	\$ 4,140,393	\$ 4,096,036	\$ 643,470
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 599,113	\$ 4,140,393	\$ 4,096,036	\$ 643,470
Total Liabilities	\$ 599,113	\$ 4,140,393	\$ 4,096,036	\$ 643,470
<u>City School ADA - Lenoir City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 158,256	\$ 6,476,268	\$ 6,462,097	\$ 172,427
Due from Other Governments	245,652	265,284	245,652	265,284
Taxes Receivable	4,757,831	5,252,752	4,757,831	5,252,752
Allowance for Uncollectible Taxes	(283,691)	(332,151)	(283,691)	(332,151)
Total Assets	\$ 4,878,048	\$ 11,662,153	\$ 11,181,889	\$ 5,358,312
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,878,048	\$ 11,662,153	\$ 11,181,889	\$ 5,358,312
Total Liabilities	\$ 4,878,048	\$ 11,662,153	\$ 11,181,889	\$ 5,358,312
<u>Center Board</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 108	\$ 153,399	\$ 153,507	\$ 0
Total Assets	\$ 108	\$ 153,399	\$ 153,507	\$ 0
<u>Liabilities</u>				
Due to Joint Ventures	\$ 108	\$ 153,399	\$ 153,507	\$ 0
Total Liabilities	\$ 108	\$ 153,399	\$ 153,507	\$ 0
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 712,275	\$ 8,206,831	\$ 8,259,626	\$ 659,480
Total Assets	\$ 712,275	\$ 8,206,831	\$ 8,259,626	\$ 659,480

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 712,275	\$ 8,206,831	\$ 8,259,626	\$ 659,480
Total Liabilities	<u>\$ 712,275</u>	<u>\$ 8,206,831</u>	<u>\$ 8,259,626</u>	<u>\$ 659,480</u>
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,415,809	\$ 338,887	\$ 357,609	\$ 2,397,087
Total Assets	<u>\$ 2,415,809</u>	<u>\$ 338,887</u>	<u>\$ 357,609</u>	<u>\$ 2,397,087</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 2,415,809	\$ 338,887	\$ 357,609	\$ 2,397,087
Total Liabilities	<u>\$ 2,415,809</u>	<u>\$ 338,887</u>	<u>\$ 357,609</u>	<u>\$ 2,397,087</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 712,275	\$ 8,206,831	\$ 8,259,626	\$ 659,480
Equity in Pooled Cash and Investments	2,574,173	10,465,477	10,470,136	2,569,514
Due from Other Governments	844,765	908,754	844,765	908,754
Taxes Receivable	4,757,831	5,252,752	4,757,831	5,252,752
Allowance for Uncollectible Taxes	(283,691)	(332,151)	(283,691)	(332,151)
Total Assets	<u>\$ 8,605,353</u>	<u>\$ 24,501,663</u>	<u>\$ 24,048,667</u>	<u>\$ 9,058,349</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,477,161	\$ 15,802,546	\$ 15,277,925	\$ 6,001,782
Due to Litigants, Heirs, and Others	712,275	8,206,831	8,259,626	659,480
Due to Joint Venture	2,415,917	492,286	511,116	2,397,087
Total Liabilities	<u>\$ 8,605,353</u>	<u>\$ 24,501,663</u>	<u>\$ 24,048,667</u>	<u>\$ 9,058,349</u>

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.

Exhibit J-1

Loudon County, Tennessee
Statement of Activities
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction	\$ 26,167,155	\$ 385,557	\$ 2,418,030	\$ 0
Support Services	11,515,214	1,979,557	304,476	3,430,094
Operation of Non-Instructional Services	3,884,247	0	3,103,034	275,939
Total Governmental Activities	\$ 41,566,616	\$ 2,365,114	\$ 5,825,540	\$ 3,706,033
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 10,212,692
Local Option Sales Taxes				2,989,701
Adequate Facilities/Development Tax				559,770
Other Local Taxes				6,540
Grants and Contributions Not Restricted for Specific Programs				21,193,530
Unrestricted Investment Income				21,330
Miscellaneous				8,806
Total General Revenues				\$ 34,992,369
Change in Net Assets				\$ 5,322,440
Net Assets, July 1, 2010				37,663,026
Net Assets, June 30, 2011				\$ 42,985,466

Exhibit J-2

Loudon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Loudon County School Department
June 30, 2011

	Major Fund	Nonmajor Funds	Total
	General Purpose School	Other Governmental Funds	Governmental Funds
<u>ASSETS</u>			
Cash	\$ 3,204	\$ 98,960	\$ 102,164
Equity in Pooled Cash and Investments	3,285,405	2,446,657	5,732,062
Accounts Receivable	79	62,759	62,838
Due from Other Governments	1,637,503	140,692	1,778,195
Due from Other Funds	290	19,182	19,472
Property Taxes Receivable	10,862,198	0	10,862,198
Allowance for Uncollectible Property Taxes	(685,537)	0	(685,537)
Prepaid Items	0	4,372	4,372
Total Assets	<u>\$ 15,103,142</u>	<u>\$ 2,772,622</u>	<u>\$ 17,875,764</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 173,537	\$ 24,504	\$ 198,041
Accrued Payroll	8,483	1,092	9,575
Payroll Deductions Payable	286,710	68,584	355,294
Contracts Payable	0	26,870	26,870
Due to Other Funds	19,182	290	19,472
Deferred Revenue - Current Property Taxes	9,949,169	0	9,949,169
Deferred Revenue - Delinquent Property Taxes	198,535	0	198,535
Other Deferred Revenues	276,816	0	276,816
Total Liabilities	<u>\$ 10,912,432</u>	<u>\$ 121,340</u>	<u>\$ 11,033,772</u>
<u>Fund Balances</u>			
Nonspendable:			
Prepaid Items	\$ 0	\$ 4,372	\$ 4,372
Restricted:			
Restricted for Education	3,736	1,293,576	1,297,312
Restricted for Capital Projects	0	1,053,334	1,053,334
Committed:			
Committed for Education	0	300,000	300,000
Assigned:			
Assigned for Education	145,550	0	145,550
Unassigned	4,041,424	0	4,041,424
Total Fund Balances	<u>\$ 4,190,710</u>	<u>\$ 2,651,282</u>	<u>\$ 6,841,992</u>
Total Liabilities and Fund Balances	<u>\$ 15,103,142</u>	<u>\$ 2,772,622</u>	<u>\$ 17,875,764</u>

Exhibit J-3

Loudon County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Loudon County School Department
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 6,841,992
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,946,406	
Add: construction in progress	1,896,293	
Add: buildings and improvements net of accumulated depreciation	29,588,251	
Add: other capital assets net of accumulated depreciation	<u>666,452</u>	36,097,402
(2) An internal service fund is used by management to charge the cost of employee dental insurance to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		11,765
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		475,351
(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>(441,044)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 42,985,466</u>

Exhibit J-4

Loudon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2011

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 13,240,068	\$ 559,770	\$ 13,799,838
Licenses and Permits	1,510	0	1,510
Charges for Current Services	68,056	1,911,501	1,979,557
Other Local Revenues	26,839	3,297	30,136
State of Tennessee	22,233,846	26,347	22,260,193
Federal Government	182,721	4,837,898	5,020,619
Other Governments and Citizens Groups	12,687	0	12,687
Total Revenues	<u>\$ 35,765,727</u>	<u>\$ 7,338,813</u>	<u>\$ 43,104,540</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 22,907,617	\$ 2,844,949	\$ 25,752,566
Support Services	9,847,218	484,820	10,332,038
Operation of Non-Instructional Services	1,790,536	2,371,798	4,162,334
Capital Projects	0	516,718	516,718
Total Expenditures	<u>\$ 34,545,371</u>	<u>\$ 6,218,285</u>	<u>\$ 40,763,656</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,220,356</u>	<u>\$ 1,120,528</u>	<u>\$ 2,340,884</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 317,603	\$ 317,603
Transfers Out	(317,603)	0	(317,603)
Total Other Financing Sources (Uses)	<u>\$ (317,603)</u>	<u>\$ 317,603</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 902,753	\$ 1,438,131	\$ 2,340,884
Fund Balance, July 1, 2010	<u>3,287,957</u>	<u>1,213,151</u>	<u>4,501,108</u>
Fund Balance, June 30, 2011	<u>\$ 4,190,710</u>	<u>\$ 2,651,282</u>	<u>\$ 6,841,992</u>

Exhibit J-5

Loudon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	2,340,884
(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	\$	809,915	
Less: current-year depreciation expense		<u>(1,103,679)</u>	(293,764)
(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, 2010	\$	(506,486)	
Add: deferred delinquent property taxes and other deferred June 30, 2011		<u>475,351</u>	(31,135)
(3) 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 other postemployment benefits liability			(114,034)
(4) The issuance of long-term debt (e.g., notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets.			
Add: debt forgiven by primary government on note payable			3,430,094
(5) The internal service fund is used by management to charge the cost of employee dental benefits to individual funds. The net expense of certain activities of the internal service fund is reported with governmental activities in the statement of activities.			<u>(9,605)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>5,322,440</u>

Exhibit J-6

Loudon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Loudon County School Department
June 30, 2011

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 98,960	\$ 98,960	\$ 0	\$ 98,960
Equity in Pooled Cash and Investments	255,860	1,110,593	1,366,453	1,080,204	2,446,657
Accounts Receivable	350	62,409	62,759	0	62,759
Due from Other Governments	140,692	0	140,692	0	140,692
Due from Other Funds	19,182	0	19,182	0	19,182
Prepaid Items	4,372	0	4,372	0	4,372
Total Assets	\$ 420,456	\$ 1,271,962	\$ 1,692,418	\$ 1,080,204	\$ 2,772,622
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 14,700	\$ 9,804	\$ 24,504	\$ 0	\$ 24,504
Accrued Payroll	0	1,092	1,092	0	1,092
Payroll Deductions Payable	42,618	25,966	68,584	0	68,584
Contracts Payable	0	0	0	26,870	26,870
Due to Other Funds	290	0	290	0	290
Total Liabilities	\$ 57,608	\$ 36,862	\$ 94,470	\$ 26,870	\$ 121,340
<u>Fund Balances</u>					
Nonspendable:					
Prepaid Items	\$ 4,372	\$ 0	\$ 4,372	\$ 0	\$ 4,372
Restricted:					
Restricted for Education	58,476	1,235,100	1,293,576	0	1,293,576
Restricted for Capital Projects	0	0	0	1,053,334	1,053,334
Committed:					
Committed for Education	300,000	0	300,000	0	300,000
Total Fund Balances	\$ 362,848	\$ 1,235,100	\$ 1,597,948	\$ 1,053,334	\$ 2,651,282
Total Liabilities and Fund Balances	\$ 420,456	\$ 1,271,962	\$ 1,692,418	\$ 1,080,204	\$ 2,772,622

Exhibit J-7

Loudon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2011

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 559,770	\$ 559,770
Charges for Current Services	0	1,911,501	1,911,501	0	1,911,501
Other Local Revenues	0	3,297	3,297	0	3,297
State of Tennessee	0	26,347	26,347	0	26,347
Federal Government	3,192,748	1,645,150	4,837,898	0	4,837,898
Total Revenues	\$ 3,192,748	\$ 3,586,295	\$ 6,779,043	\$ 559,770	\$ 7,338,813
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,844,949	\$ 0	\$ 2,844,949	\$ 0	\$ 2,844,949
Support Services	484,820	0	484,820	0	484,820
Operation of Non-Instructional Services	3,000	2,368,798	2,371,798	0	2,371,798
Capital Projects	0	0	0	516,718	516,718
Total Expenditures	\$ 3,332,769	\$ 2,368,798	\$ 5,701,567	\$ 516,718	\$ 6,218,285
Excess (Deficiency) of Revenues Over Expenditures	\$ (140,021)	\$ 1,217,497	\$ 1,077,476	\$ 43,052	\$ 1,120,528
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 300,000	\$ 17,603	\$ 317,603	\$ 0	\$ 317,603
Total Other Financing Sources (Uses)	\$ 300,000	\$ 17,603	\$ 317,603	\$ 0	\$ 317,603
Net Change in Fund Balances	\$ 159,979	\$ 1,235,100	\$ 1,395,079	\$ 43,052	\$ 1,438,131
Fund Balance, July 1, 2010	202,869	0	202,869	1,010,282	1,213,151
Fund Balance, June 30, 2011	\$ 362,848	\$ 1,235,100	\$ 1,597,948	\$ 1,053,334	\$ 2,651,282

Exhibit J-8

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Loudon County School Department
General Purpose School Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 13,240,068	\$ 0	\$ 0	\$ 13,240,068	\$ 13,210,632	\$ 13,236,844	\$ 3,224
Licenses and Permits	1,510	0	0	1,510	1,500	1,500	10
Charges for Current Services	68,056	0	0	68,056	1,488,758	118,523	(50,467)
Other Local Revenues	26,839	0	0	26,839	17,000	43,635	(16,796)
State of Tennessee	22,233,846	0	0	22,233,846	21,220,608	21,870,293	363,553
Federal Government	182,721	0	0	182,721	1,434,700	265,255	(82,534)
Other Governments and Citizens Groups	12,687	0	0	12,687	10,000	13,938	(1,251)
Total Revenues	\$ 35,765,727	\$ 0	\$ 0	\$ 35,765,727	\$ 37,383,198	\$ 35,549,988	\$ 215,739
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,587,823	\$ (7,316)	\$ 110,677	\$ 19,691,184	\$ 20,253,234	\$ 20,017,441	\$ 326,257
Special Education Program	2,343,097	(1,122)	2,331	2,344,306	2,444,970	2,500,133	155,827
Vocational Education Program	976,697	0	0	976,697	1,025,407	1,004,831	28,134
<u>Support Services</u>							
Health Services	255,828	0	0	255,828	259,444	261,079	5,251
Other Student Support	1,108,556	0	0	1,108,556	1,112,554	1,118,976	10,420
Regular Instruction Program	1,198,939	(2,129)	681	1,197,491	1,241,766	1,223,843	26,352
Special Education Program	356,566	0	0	356,566	367,862	367,862	11,296
Vocational Education Program	124,255	0	0	124,255	124,154	126,184	1,929
Other Programs	153,016	0	0	153,016	0	153,016	0
Board of Education	558,727	0	0	558,727	542,227	574,501	15,774
Director of Schools	327,202	0	0	327,202	342,691	340,473	13,271
Office of the Principal	823,200	0	0	823,200	835,583	841,228	18,028

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 59,515	\$ 0	\$ 0	\$ 59,515	\$ 57,615	\$ 59,739	\$ 224
Operation of Plant	2,378,600	(1,125)	5,361	2,382,836	2,446,158	2,462,787	79,951
Maintenance of Plant	222,509	(2,425)	0	220,084	198,169	219,869	(215)
Transportation	1,619,974	(1,710)	1,674	1,619,938	1,557,530	1,657,680	37,742
Central and Other	660,331	(985)	212	659,558	687,396	705,139	45,581
<u>Operation of Non-Instructional Services</u>							
Food Service	73,564	0	0	73,564	2,491,960	75,120	1,556
Community Services	808,499	(1,025)	24,614	832,088	467,901	946,935	114,847
Early Childhood Education	908,473	0	0	908,473	926,577	926,577	18,104
Total Expenditures	\$ 34,545,371	\$ (17,837)	\$ 145,550	\$ 34,673,084	\$ 37,383,198	\$ 35,583,413	\$ 910,329
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,220,356	\$ 17,837	\$ (145,550)	\$ 1,092,643	\$ 0	\$ (33,425)	\$ 1,126,068
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (317,603)	\$ 0	\$ 0	\$ (317,603)	\$ 0	\$ (317,603)	\$ 0
Total Other Financing Sources (Uses)	\$ (317,603)	\$ 0	\$ 0	\$ (317,603)	\$ 0	\$ (317,603)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 902,753	\$ 17,837	\$ (145,550)	\$ 775,040	\$ 0	\$ (351,028)	\$ 1,126,068
	3,287,957	(17,837)	0	3,270,120	3,155,656	3,155,656	114,464
Fund Balance, June 30, 2011	\$ 4,190,710	\$ 0	\$ (145,550)	\$ 4,045,160	\$ 3,155,656	\$ 2,804,628	\$ 1,240,532

Exhibit J-9

Loudon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Loudon County School Department
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>							
Federal Government	\$ 3,192,748	\$ 0	\$ 0	\$ 3,192,748	\$ 1,941,250	\$ 4,802,154	\$ (1,609,406)
Total Revenues	\$ 3,192,748	\$ 0	\$ 0	\$ 3,192,748	\$ 1,941,250	\$ 4,802,154	\$ (1,609,406)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,481,668	\$ 0	\$ 23,041	\$ 1,504,709	\$ 702,614	\$ 2,605,598	\$ 1,100,889
Special Education Program	1,322,420	(6,460)	13,819	1,329,779	808,498	1,418,240	88,461
Vocational Education Program	40,861	0	14,610	55,471	52,681	55,467	(4)
<u>Support Services</u>							
Other Student Support	26,174	0	0	26,174	72,319	69,820	43,646
Regular Instruction Program	244,464	0	588	245,052	117,513	371,542	126,490
Special Education Program	179,523	0	3,033	182,556	159,125	223,585	41,029
Vocational Education Program	3,700	0	0	3,700	3,500	3,700	0
Transportation	30,959	0	0	30,959	25,000	51,202	20,243
Operation of Non-Instructional Services							
Food Service	3,000	0	0	3,000	0	3,000	0
Total Expenditures	\$ 3,332,769	\$ (6,460)	\$ 55,091	\$ 3,381,400	\$ 1,941,250	\$ 4,802,154	\$ 1,420,754
Excess (Deficiency) of Revenues Over Expenditures	\$ (140,021)	\$ 6,460	\$ (55,091)	\$ (188,652)	\$ 0	\$ 0	\$ (188,652)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 300,000	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 300,000	\$ 0
Total Other Financing Sources (Uses)	\$ 300,000	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 300,000	\$ 0
Net Change in Fund Balance	\$ 159,979	\$ 6,460	\$ (55,091)	\$ 111,348	\$ 0	\$ 300,000	\$ (188,652)
Fund Balance, July 1, 2010	202,869	(6,460)	0	196,409	164,182	164,182	32,227
Fund Balance, June 30, 2011	\$ 362,848	\$ 0	\$ (55,091)	\$ 307,757	\$ 164,182	\$ 464,182	\$ (156,425)

Exhibit J-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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,911,501	\$ 0	\$ 1,911,501	\$ 0	\$ 1,404,564	\$ 506,937
Other Local Revenues	3,297	0	3,297	0	0	3,297
State of Tennessee	26,347	0	26,347	0	25,500	847
Federal Government	1,645,150	0	1,645,150	110,445	1,375,945	269,205
Total Revenues	\$ 3,586,295	\$ 0	\$ 3,586,295	\$ 110,445	\$ 2,806,009	\$ 780,286
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,368,798	\$ 439	\$ 2,369,237	\$ 110,445	\$ 2,806,009	\$ 436,772
Total Expenditures	\$ 2,368,798	\$ 439	\$ 2,369,237	\$ 110,445	\$ 2,806,009	\$ 436,772
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,217,497	\$ (439)	\$ 1,217,058	\$ 0	\$ 0	\$ 1,217,058
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 17,603	\$ 0	\$ 17,603	\$ 0	\$ 0	\$ 17,603
Total Other Financing Sources (Uses)	\$ 17,603	\$ 0	\$ 17,603	\$ 0	\$ 0	\$ 17,603
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 1,235,100	\$ (439)	\$ 1,234,661	\$ 0	\$ 0	\$ 1,234,661
	0	0	0	0	0	0
Fund Balance, June 30, 2011	\$ 1,235,100	\$ (439)	\$ 1,234,661	\$ 0	\$ 0	\$ 1,234,661

Exhibit J-11

Loudon County, Tennessee
Statement of Net Assets
Discretely Presented Loudon County School Department
Proprietary Fund
June 30, 2011

		Internal Service Fund
		Employee Dental and Vision Insurance Fund
	<u>ASSETS</u>	
Current Assets:		
Cash		\$ 47,017
Total Assets		<u>\$ 47,017</u>
	<u>LIABILITIES</u>	
Current Liabilities:		
Other Current Liabilities		\$ 35,252
Total Liabilities		<u>\$ 35,252</u>
	<u>NET ASSETS</u>	
Unrestricted		<u>\$ 11,765</u>
Total Net Assets		<u><u>\$ 11,765</u></u>

Exhibit J-12

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, 2011

	Internal Service Fund
	Employee Dental and Vision Insurance Fund
<u>Operating Revenues</u>	
Charges for Services	\$ 385,557
Total Operating Revenues	<u>\$ 385,557</u>
<u>Operating Expenses</u>	
Medical and Dental Services	\$ 395,162
Total Operating Expenses	<u>\$ 395,162</u>
Operating Income (Loss)	<u>\$ (9,605)</u>
Change in Net Assets	\$ (9,605)
Net Assets, July 1, 2010	<u>21,370</u>
Net Assets, June 30, 2011	<u><u>\$ 11,765</u></u>

Exhibit J-13

Loudon County, Tennessee
Statement of Cash Flows
Discretely Presented Loudon County School Department
Proprietary Fund
For the Year Ended June 30, 2011

	Internal Service Fund
	Employee Dental and Vision Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 420,764
Payments for Claims	(386,364)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 34,400</u>
Increase (Decrease) in Cash	\$ 34,400
Cash, July 1, 2010	<u>12,617</u>
Cash, June 30, 2011	<u><u>\$ 47,017</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (9,605)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	35,207
Increase (Decrease) in Other Current Liabilities	<u>8,798</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 34,400</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Loudon County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Loudon County School Department
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Paid and/or	
					Outstanding 7-1-10	Matured During Period 6-30-11
<u>PRIMARY GOVERNMENT</u>						
<u>NOTES PAYABLE</u>						
<u>Payable through General Debt Service Fund</u>						
Highway Capital Projects	\$ 330,000	4.43%	3-29-06	3-29-11	\$ 54,269	\$ 54,269 \$ 0
Total Payable through General Debt Service Fund					\$ 54,269	\$ 54,269 \$ 0
<u>Payable through Education Debt Service Fund</u>						
Capital Outlay Note - HVAC and Safety	3,000,000	2.77	4-15-08	4-15-11	\$ 858,981	\$ 858,981 \$ 0
Local Government Energy Efficiency Loan Program	489,981	0	10-20-05	12-1-12	214,277	71,426 142,851
Capital Outlay Note - Construction Drawings for Schools	900,000	2.62	4-12-10	4-12-13	851,832	293,461 558,371
Capital Outlay Note - Architect and Engineering for School Project	1,912,627	3.4	7-22-09	8-30-12	1,349,946	635,913 714,033
Total Payable through Education Debt Service Fund					\$ 3,275,036	\$ 1,859,781 \$ 1,415,255
Total Notes Payable					\$ 3,329,305	\$ 1,914,050 \$ 1,415,255
<u>OTHER LOANS PAYABLE</u>						
<u>Payable through General Fund</u>						
City of Loudon - Highlands Business Center	475,000	0	5-1-00	(1)	\$ 401,420	\$ 10,341 \$ 391,079
Total Payable through General Fund					\$ 401,420	\$ 10,341 \$ 391,079
<u>Payable through General Debt Service Fund</u>						
Montgomery County PBA Loan	5,000,000	Variable	5-8-03	5-25-18	\$ 2,970,000	\$ 331,000 \$ 2,639,000
Blount County PBA Loan, Series E-3-C - Refunding	2,570,000	Variable	7-31-08	6-1-20	2,235,000	180,000 2,055,000
Total Payable through General Debt Service Fund					\$ 5,205,000	\$ 511,000 \$ 4,694,000
<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	11,890,000	510,000 11,380,000
Qualified Zone Academy Bonds - Energy Efficiency	4,129,500	0	12-28-05	12-1-20	3,215,817	211,684 3,004,133
Total Payable through Education Debt Service Fund					\$ 15,105,817	\$ 721,684 \$ 14,384,133
Total Other Loans Payable					\$ 20,712,237	\$ 1,243,025 \$ 19,469,212

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Paid and/or		
					Outstanding 7-1-10	Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT (CONT.)</u>							
<u>BONDS PAYABLE</u>							
Payable through General Debt Service Fund							
General Obligation Refunding Series 2004	\$ 5,225,000	1.8 to 4%	3-31-04	4-1-20	\$ 4,680,000	\$ 320,000	\$ 4,360,000
Total Bonds Payable					\$ 4,680,000	\$ 320,000	\$ 4,360,000
<u>DISCRETELY PRESENTED LOUDON</u>							
<u>COUNTY SCHOOL DEPARTMENT</u>							
<u>NOTES PAYABLE</u>							
Payable through General Purpose School Fund (3)							
Energy Efficiency Note - Borrowed from							
Primary Government	499,981	0	10-20-05	12-1-12	\$ 214,277	\$ 214,277	\$ 0
Energy Efficiency QZAB - Borrowed from							
Primary Government	4,129,500	0	12-28-05	12-1-20	3,215,817	3,215,817	0
Total Notes Payable					\$ 3,430,094	\$ 3,430,094	\$ 0

- (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) Loudon County adopted a resolution to appropriate funds for debt service payments through the Education Debt Service Fund associated with the QZAB and Energy Efficiency notes without reimbursement from the Loudon County Board of Education.

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 1,030,821	\$ 25,356	\$ 1,056,177
2013	384,434	3,257	387,691
Total	\$ 1,415,255	\$ 28,613	\$ 1,443,868

Year Ending June 30	Other Loans				
	Principal	(1)	Interest	Other Fees	Total
2012	\$ 1,342,300		\$ 319,187	\$ 99,131	\$ 1,760,618
2013	1,403,300		303,656	92,584	1,799,540
2014	1,449,300		287,265	85,661	1,822,226
2015	1,521,300		269,897	78,455	1,869,652
2016	1,574,300		251,527	70,805	1,896,632
2017	1,651,300		232,039	62,829	1,946,168
2018	1,709,300		211,416	54,378	1,975,094
2019	1,340,300		189,526	45,570	1,575,396
2020	1,410,300		166,725	38,967	1,615,992
2021	1,441,433		142,655	31,930	1,616,018
2022	970,000		117,310	26,257	1,113,567
2023	1,025,000		90,441	20,243	1,135,684
2024	1,090,000		62,048	13,888	1,165,936
2025	1,150,000		31,855	7,130	1,188,985
Total	\$ 19,078,133		\$ 2,675,547	\$ 727,828	\$ 22,481,508

(1) Does not include the City of Loudon - Highland Business Center note (\$391,079) since the annual requirements for that note are dependent upon the amount of incremental tax revenues generated within the development each year.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 345,000	\$ 160,725	\$ 505,725
2013	395,000	148,650	543,650
2014	425,000	134,825	559,825
2015	450,000	119,950	569,950
2016	480,000	104,425	584,425
2017	510,000	87,385	597,385
2018	550,000	68,515	618,515
2019	585,000	47,615	632,615
2020	620,000	24,800	644,800
Total	\$ 4,360,000	\$ 896,890	\$ 5,256,890

Exhibit K-3

Loudon County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Loudon County School Department
For the Year Ended June 30, 2011

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 60,000
Highway/Public Works	General Debt Service	Debt Retirement	126,481
			<u>\$ 186,481</u>
<u>DISCRETELY PRESENTED LOUDON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash Flow	\$ 300,000
"	Central Cafeteria	Operations	17,603
			<u>\$ 317,603</u>

Exhibit K-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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Doyle Arp (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 13,171	\$ 50,000	Western Surety Company
Estelle Herron (9-1-10 through 6-30-11)	Section 8-24-102, TCA	65,857	50,000	"
Highway Superintendent:				
Sean Giles (7-1-10 through 8-31-10)	Section 8-24-102, TCA	12,544 (1)	100,000	"
Eddie Simpson (9-1-10 through 6-30-11)	Section 8-24-102, TCA	62,721	100,000	"
Director of Schools:				
Wayne Honeycutt (7-1-10 through 5-15-11)	State Board of Education and County Board of Education	120,954 (1,2,3)	50,000	"
Jason Vance (5-16-11 through 6-30-11)	State Board of Education and County Board of Education	15,583	50,000	"
Trustee:				
Estelle Herron (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,659	1,214,000	"
George Miller (9-1-10 through 6-30-11)	Section 8-24-102, TCA	53,295	1,650,300	"
Assessor of Property	Section 8-24-102, TCA	63,954	10,000	"
Director of Accounts and Budgets	County Commission	63,954	25,000	"
Purchasing Agent	County Commission	53,062	50,000	"
County Clerk:				
Riley Wampler (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,659	50,000	"
Darlene Russell (9-1-10 through 6-30-11)	Section 8-24-102, TCA	53,295	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	63,954	50,000	"
Clerk and Master	Section 8-24-102, TCA	63,954	50,000	"
Register	Section 8-24-102, TCA	63,954	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	75,265 (4)	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 the balance of Honeycutt's contract totaling \$14,141.
(3) Includes accumulated vacation pay of \$6,834.
(4) Includes county workhouse supervisor pay of \$4,915.

Exhibit K-5

Loudon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2011

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>Local Taxes</u>						
County Property Taxes						
Current Property Tax	\$ 6,828,294	\$ 0	\$ 246,918	\$ 82,309	\$ 0	\$ 0
Trustee's Collections - Prior Year	174,668	0	0	2,031	0	0
Trustee's Collections - Bankruptcy	6,448	0	0	40	0	0
Circuit/Clerk & Master Collections - Prior Years	200,077	0	0	4,349	0	0
Interest and Penalty	37,536	0	290	437	0	0
Payments in-Lieu-of Taxes - Other	585	0	0	0	0	0
County Local Option Taxes						
Local Option Sales Tax	299,871	0	0	599,740	0	0
Hotel/Motel Tax	350,912	0	0	0	0	0
Litigation Tax - General	63,970	0	0	0	0	0
Litigation Tax - Special Purpose	179,235	4,578	0	0	0	0
Business Tax	417,450	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
Statutory Local Taxes						
Bank Excise Tax	2,555	0	92	31	0	0
Wholesale Beer Tax	69,364	0	0	0	0	0
Total Local Taxes	\$ 8,630,965	\$ 4,578	\$ 247,300	\$ 688,937	\$ 0	\$ 0
<u>Licenses and Permits</u>						
Licenses						
Animal Registration	\$ 44,038	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	278,517	0	0	0	0	0
Permits						
Beer Permits	2,232	0	0	0	0	0
Building Permits	136,370	0	0	0	0	0
Other Permits	23,046	0	0	0	0	0
Total Licenses and Permits	\$ 484,203	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Interpreter Fees	\$ 250	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - Circuit Court	547	0	0	0	0	0
Courtroom Security Fee	5,823	0	0	0	0	0
<u>Criminal Court</u>						
Fines	7,507	0	0	0	0	0
Officers Costs	22,298	0	0	0	0	238
Drug Control Fines	1,939	0	0	0	0	8,180
Jail Fees	1,574	0	0	0	0	0
DUI Treatment Fines	862	0	0	0	0	0
Data Entry Fee - Criminal Court	4,215	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	90,238	0	0	0	0	222
Officers Costs	114,384	0	0	0	0	154
Game and Fish Fines	495	0	0	0	0	0
Drug Control Fines	8,739	0	0	0	0	6,352
Jail Fees	9,668	0	0	0	0	0
Interpreter Fees	305	0	0	0	0	0
DUI Treatment Fines	12,392	0	0	0	0	0
Data Entry Fee - General Sessions Court	11,031	0	0	0	0	0
Courtroom Security Fee	101,692	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	409	0	0	0	0	0
Drug Control Fines	135	0	0	0	0	0
Interpreter Fees	33	0	0	0	0	0
Data Entry Fee - Juvenile Court	144	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	11,768	0	0	0	0	0
Data Entry Fee - Chancery Court	3,732	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	6,012	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
Other Courts - In-county (Cont.)							
Fines for Littering	\$ 150	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Judicial District Drug Program							
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	12,011
Courtroom Security Fee	50	0	0	0	0	0	0
Other Fines, Forfeitures, and Penalties							
Proceeds from Confiscated Property	0	0	0	0	0	0	46,642
Total Fines, Forfeitures, and Penalties	\$ 416,392	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	73,799
<u>Charges for Current Services</u>							
<u>Fees</u>							
Copy Fees	\$ 0	\$ 0	\$ 4,248	\$ 0	\$ 0	\$ 0	0
Library Fees	0	0	4,806	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0	0	0
Telephone Commissions	31,462	0	0	0	0	0	0
Data Processing Fee - Register	21,030	0	0	0	0	0	0
Data Processing Fee - Sheriff	9,450	0	0	0	0	0	6
Sexual Offender Registration Fees - Sheriff	2,700	0	0	0	0	0	0
Data Processing Fee - County Clerk	882	0	0	0	0	0	0
Total Charges for Current Services	\$ 65,624	\$ 0	\$ 9,054	\$ 0	\$ 0	\$ 0	6
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 33,247	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	4,550	0	0	0	11,116	0	0
Sale of Materials and Supplies	550	0	20	0	0	0	0
Commissary Sales	13,167	0	0	0	0	0	0
Sale of Maps	829	0	0	0	0	0	0
Sale of Recycled Materials	0	0	0	126,209	0	0	0
Retirees' Insurance Payments	47,656	0	0	720	0	0	0
Cobra Insurance Payments	16,483	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Miscellaneous Refunds	\$ 10,116	\$ 0	\$ 270	\$ 5	\$ 0	\$ 0
Nonrecurring Items						
Revenue from Joint Ventures	0	0	0	0	0	0
Sale of Equipment	5,630	0	0	1,860	0	0
Damages Recovered from Individuals	16,529	0	0	0	0	0
Contributions and Gifts	4,727	0	406	0	0	32,675
<u>Other Local Revenues</u>						
Other Local Revenues	59,000	0	0	0	0	0
Total Other Local Revenues	\$ 212,484	\$ 0	\$ 696	\$ 128,794	\$ 11,116	\$ 32,675
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 407,464	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	104,497	0	0	0	0	0
General Sessions Court Clerk	412,401	0	0	0	0	0
Clerk and Master	163,456	0	0	0	0	0
Register	280,230	0	0	0	0	0
Sheriff	15,430	0	0	0	0	0
Trustee	742,097	0	0	0	0	0
Total Fees Received from County Officials	\$ 2,125,575	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 10,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	10,054	0	0	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	23,400	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	368,568	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
State Aid Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0	0
Litter Program	0	0	0	23,247	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	808,678	0	0	0	0	0	0
Beer Tax	18,724	0	0	0	0	0	0
Alcoholic Beverage Tax	51,735	0	0	0	0	0	0
Mixed Drink Tax	9,682	0	0	0	0	0	0
Contracted Prisoner Boarding	82,355	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
State Shared Sales Tax - Cities	3,085	0	0	0	0	0	0
Other State Grants	0	0	2,000	0	0	0	0
Other State Revenues	6,150	0	0	7,390	0	0	0
Total State of Tennessee	\$ 1,408,295 \$	0 \$	2,000 \$	30,637 \$	0 \$	0	0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 7,905 \$	0 \$	0 \$	0 \$	0 \$	0	0
Other Federal through State	37,025	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
ARRA Grant # 7	15,598	0	0	0	0	0	0
Other Direct Federal Revenue	0	0	0	0	0	0	30,482
Total Federal Government	\$ 60,528 \$	0 \$	0 \$	0 \$	0 \$	0	30,482
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 8,282 \$	0 \$	28,410 \$	0 \$	0 \$	0	0
Contracted Services	48,563	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
Other Governments and Citizens Groups (Cont.)						
<u>Citizens Groups</u>						
Donations	\$ 12,285	\$ 0	\$ 1,375	\$ 0	\$ 0	\$ 0
Other	28,825	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 97,955	\$ 0	\$ 29,785	\$ 0	\$ 0	\$ 0
Total	\$ 13,502,021	\$ 4,578	\$ 288,835	\$ 848,368	\$ 11,116	\$ 136,962

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects	Highway Capital Projects		
<u>Local Taxes</u>										
County Property Taxes										
Current Property Tax	\$ 0	\$ 534,997	\$ 1,069,995	\$ 2,050,933	\$ 288,080	\$ 11,348,444				
Trustee's Collections - Prior Year	0	13,208	26,416	69,043	7,110	298,572				
Trustee's Collections - Bankruptcy	0	394	1,187	1,563	119	10,003				
Circuit/Clerk & Master Collections - Prior Years	0	10,148	27,546	0	0	249,369				
Interest and Penalty	0	2,852	6,060	14,128	1,529	64,156				
Payments in-Lieu-of Taxes - Other	0	0	18,700	0	0	19,285				
County Local Option Taxes										
Local Option Sales Tax	0	0	0	0	0	899,611				
Hotel/Motel Tax	0	0	0	0	0	350,912				
Litigation Tax - General	0	0	0	0	0	63,970				
Litigation Tax - Special Purpose	0	0	0	0	0	183,813				
Business Tax	0	0	0	0	0	417,450				
Mineral Severance Tax	0	54,174	0	0	0	54,174				
Statutory Local Taxes										
Bank Excise Tax	0	200	400	875	92	4,348				
Wholesale Beer Tax	0	0	0	0	0	69,364				
Total Local Taxes	\$ 0	\$ 615,973	\$ 1,150,304	\$ 2,136,542	\$ 261,931	\$ 14,033,471				
<u>Licenses and Permits</u>										
Licenses										
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,038				
Cable TV Franchise	0	0	0	0	0	278,517				
Permits										
Beer Permits	0	0	0	0	0	2,232				
Building Permits	0	0	0	0	0	136,370				
Other Permits	0	0	0	0	0	23,046				
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 484,203				

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects	Highway Capital Projects		
\$	0	0	0	0	0	0	0	0	0	
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Interpreter Fees										250
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	0	547
Courtroom Security Fee	0	0	0	0	0	0	0	0	0	5,823
<u>Criminal Court</u>										
Fines	0	0	0	0	0	0	0	0	0	7,507
Officers Costs	0	0	0	0	0	0	0	0	0	22,536
Drug Control Fines	0	0	0	0	0	0	0	0	0	10,119
Jail Fees	0	0	0	0	0	0	0	0	0	1,574
DUI Treatment Fines	0	0	0	0	0	0	0	0	0	862
Data Entry Fee - Criminal Court	0	0	0	0	0	0	0	0	0	4,215
<u>General Sessions Court</u>										
Fines	0	0	0	0	0	0	0	0	0	90,460
Officers Costs	0	0	0	0	0	0	0	0	0	114,538
Game and Fish Fines	0	0	0	0	0	0	0	0	0	495
Drug Control Fines	0	0	0	0	0	0	0	0	0	15,091
Jail Fees	0	0	0	0	0	0	0	0	0	9,668
Interpreter Fees	0	0	0	0	0	0	0	0	0	305
DUI Treatment Fines	0	0	0	0	0	0	0	0	0	12,392
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	0	11,031
Courtroom Security Fee	0	0	0	0	0	0	0	0	0	101,692
<u>Juvenile Court</u>										
Fines	0	0	0	0	0	0	0	0	0	409
Drug Control Fines	0	0	0	0	0	0	0	0	0	135
Interpreter Fees	0	0	0	0	0	0	0	0	0	33
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	0	144
<u>Chancery Court</u>										
Officers Costs	0	0	0	0	0	0	0	0	0	11,768
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	0	3,732
<u>Other Courts - In-county</u>										
Fines	0	0	0	0	0	0	0	0	0	6,012

(Continued)

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

Exhibit K-5

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects	Highway Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>										
<u>Other Courts - In-county (Cont.)</u>										
Fines for Littering	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	150
<u>Judicial District Drug Program</u>										
Drug Task Force Forfeitures and Seizures	2,207	0	0	0	0	0	0	0	0	14,218
Courtroom Security Fee	0	0	0	0	0	0	0	0	0	50
<u>Other Fines, Forfeitures, and Penalties</u>										
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	0	46,642
Total Fines, Forfeitures, and Penalties	\$ 2,207	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 492,398
<u>Charges for Current Services</u>										
<u>Fees</u>										
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,248
Library Fees	0	0	0	0	0	0	0	0	0	4,806
Greenbelt Late Application Fee	0	0	0	0	0	0	0	0	0	100
Telephone Commissions	0	0	0	0	0	0	0	0	0	31,462
Data Processing Fee - Register	0	0	0	0	0	0	0	0	0	21,030
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	0	0	9,456
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	0	2,700
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	0	882
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,684
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	\$ 0	\$ 0	\$ 0	\$ 9,137	\$ 16,900	\$ 0	\$ 0	\$ 0	\$ 0	59,284
Lease/Rentals	0	0	0	0	0	0	0	0	0	15,666
Sale of Materials and Supplies	0	9,465	0	0	0	0	0	0	0	10,035
Commissary Sales	0	0	0	0	0	0	0	0	0	13,167
Sale of Maps	0	0	0	0	0	0	0	0	0	829
Sale of Recycled Materials	0	0	0	0	0	0	0	0	0	126,209
Retirees' Insurance Payments	0	9,827	0	0	0	0	0	0	0	58,203
Cobra Insurance Payments	0	0	0	0	0	0	0	0	0	16,483

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects	Highway Capital Projects		
Other Local Revenues (Cont.)										
Recurring Items (Cont.)										
Miscellaneous Refunds										
Nonrecurring Items										
Revenue from Joint Ventures	\$ 0 \$	40 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	10,431
Sale of Equipment	0	0	29,113	0	0	0	0	0	0	29,113
Damages Recovered from Individuals	0	78,503	0	0	0	0	0	0	0	85,993
Contributions and Gifts	0	0	0	0	0	0	0	0	0	16,529
Other Local Revenues	0	0	0	0	0	2,808	0	0	0	40,616
Total Other Local Revenues	0	0	0	0	0	0	0	0	0	59,000
Total Other Local Revenues	\$ 0 \$	97,835 \$	38,250 \$	16,900 \$	2,808 \$	0 \$	0 \$	0 \$	0 \$	541,558
Fees Received from County Officials										
Fees in-Lieu-of Salary										
County Clerk	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	407,464
Circuit Court Clerk	0	0	0	0	0	0	0	0	0	104,497
General Sessions Court Clerk	0	0	0	0	0	0	0	0	0	412,401
Clerk and Master	0	0	0	0	0	0	0	0	0	163,456
Register	0	0	0	0	0	0	0	0	0	280,230
Sheriff	0	0	0	0	0	0	0	0	0	15,430
Trustee	0	0	0	0	0	0	0	0	0	742,097
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	2,125,575
State of Tennessee										
General Government Grants										
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	10,700
Aging Programs	0	0	0	0	0	0	0	0	0	10,054
Public Safety Grants										
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	0	23,400
Health and Welfare Grants										
Health Department Programs	0	0	0	0	0	0	0	0	0	368,568

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds		
	Other Special Revenue	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Highway Capital Projects	Total
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
State Aid Program	\$ 0	\$ 322,824	\$ 0	\$ 0	\$ 0	\$ 0	\$ 322,824
Litter Program	0	0	0	0	0	0	23,247
Tennessee Industrial Infrastructure Program	0	0	0	0	508,197	0	508,197
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	808,678
Beer Tax	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	0	51,735
Mixed Drink Tax	0	0	0	0	0	0	9,682
Contracted Prisoner Boarding	0	0	0	0	0	0	82,355
Gasoline and Motor Fuel Tax	0	1,556,064	0	0	0	0	1,556,064
Petroleum Special Tax	0	31,390	0	0	0	0	31,390
Registrar's Salary Supplement	0	0	0	0	0	0	15,164
State Shared Sales Tax - Cities	0	0	0	0	0	0	3,085
Other State Grants	0	0	0	0	0	0	2,000
Other State Revenues	0	0	0	0	0	0	13,540
Total State of Tennessee	\$ 0	\$ 1,910,278	\$ 0	\$ 0	\$ 508,197	\$ 0	\$ 3,859,407
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,905
Other Federal through State	0	0	0	0	12,647	0	49,672
<u>Direct Federal Revenue</u>							
ARRA Grant # 7	0	0	0	0	0	0	15,598
Other Direct Federal Revenue	0	0	0	0	0	0	30,482
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,647	\$ 0	\$ 103,657
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,692
Contracted Services	0	0	234,665	0	225,019	0	508,247

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
	Other Special Revenue	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects	Highway Capital Projects		
Other Governments and Citizens Groups (Cont.)										
Citizens Groups										
Donations	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	13,660
Other	0	0	0	0	0	0	0	0	0	28,825
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	234,665 \$	0 \$	225,019 \$	0 \$	0 \$	0 \$	0 \$	587,424
Total	\$ 2,207 \$	2,624,086 \$	1,423,219 \$	2,153,442 \$	1,010,602 \$	296,941 \$	22,302,377			

Exhibit K-6

Loudon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 9,778,638	\$ 0	\$ 0	\$ 0	\$ 9,778,638
Trustee's Collections - Prior Year	221,799	0	0	0	221,799
Trustee's Collections - Bankruptcy	7,098	0	0	0	7,098
Circuit/Clerk & Master Collections - Prior Years	191,560	0	0	0	191,560
Interest and Penalty	48,860	0	0	0	48,860
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,985,483	0	0	0	2,985,483
Adequate Facilities/Development Tax	0	0	0	559,770	559,770
<u>Statutory Local Taxes</u>					
Bank Excise Tax	3,652	0	0	0	3,652
Interstate Telecommunications Tax	2,978	0	0	0	2,978
Total Local Taxes	\$ 13,240,068	\$ 0	\$ 0	\$ 559,770	\$ 13,799,838
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,510	\$ 0	\$ 0	\$ 0	\$ 1,510
Total Licenses and Permits	\$ 1,510	\$ 0	\$ 0	\$ 0	\$ 1,510
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Receipts from Individual Schools	\$ 3,158	\$ 0	\$ 1,911,501	\$ 0	\$ 1,914,659
Community Service Fees - Children	64,898	0	0	0	64,898
Total Charges for Current Services	\$ 68,056	\$ 0	\$ 1,911,501	\$ 0	\$ 1,979,557
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 18,078	\$ 0	\$ 3,252	\$ 0	\$ 21,330
Retirees' Insurance Payments	3,459	0	0	0	3,459
Cobra Insurance Payments	498	0	0	0	498
Miscellaneous Refunds	4,804	0	45	0	4,849
Total Other Local Revenues	\$ 26,839	\$ 0	\$ 3,297	\$ 0	\$ 30,136
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 153,016	\$ 0	\$ 0	\$ 0	\$ 153,016
<u>State Education Funds</u>					
Basic Education Program	17,173,102	0	0	0	17,173,102
Basic Education Program - ARRA	1,821,898	0	0	0	1,821,898
Early Childhood Education	794,125	0	0	0	794,125
School Food Service	0	0	26,347	0	26,347
Other State Education Funds	423,162	0	0	0	423,162
Coordinated School Health - ARRA	410,000	0	0	0	410,000
Internet Connectivity - ARRA	14,992	0	0	0	14,992
Family Resource Centers - ARRA	33,300	0	0	0	33,300
Career Ladder Program	191,442	0	0	0	191,442
Career Ladder - Extended Contract - ARRA	119,567	0	0	0	119,567
<u>Other State Revenues</u>					
Mixed Drink Tax	6,523	0	0	0	6,523

(Continued)

Exhibit K-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>Other State Revenues (Cont.)</u>					
State Revenue Sharing - T.V.A.	\$ 1,069,019	\$ 0	\$ 0	\$ 0	\$ 1,069,019
Safe Schools - ARRA	23,700	0	0	0	23,700
Total State of Tennessee	\$ 22,233,846	\$ 0	\$ 26,347	\$ 0	\$ 22,260,193
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,042,423	\$ 0	\$ 1,042,423
Breakfast	0	0	384,714	0	384,714
USDA - Other	0	0	53,602	0	53,602
Vocational Education - Basic Grants to States	0	62,133	0	0	62,133
Title I Grants to Local Education Agencies	0	1,108,791	0	0	1,108,791
Special Education - Grants to States	58,665	1,428,916	0	0	1,487,581
Special Education Preschool Grants	0	17,518	0	0	17,518
English Language Acquisition Grants	0	25,168	0	0	25,168
Safe and Drug-free Schools - State Grants	0	322	0	0	322
Education for Homeless Children and Youth	0	1,922	0	0	1,922
Eisenhower Professional Development State Grants	0	188,204	0	0	188,204
ARRA Grant # 1	32,390	0	0	0	32,390
Race-to-the-Top - ARRA	0	357,583	0	0	357,583
Other Federal through State	25,939	2,191	164,411	0	192,541
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	65,727	0	0	0	65,727
Total Federal Government	\$ 182,721	\$ 3,192,748	\$ 1,645,150	\$ 0	\$ 5,020,619
<u>Other Governments and Citizens Groups</u>					
<u>Citizens Groups</u>					
Donations	\$ 12,687	\$ 0	\$ 0	\$ 0	\$ 12,687
Total Other Governments and Citizens Groups	\$ 12,687	\$ 0	\$ 0	\$ 0	\$ 12,687
Total	\$ 35,765,727	\$ 3,192,748	\$ 3,586,295	\$ 559,770	\$ 43,104,540

Exhibit K-7

Loudon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	79,030	
Social Security		4,746	
State Retirement		3,887	
Life Insurance		5	
Medical Insurance		9,939	
Dental Insurance		3,106	
Employer Medicare		1,110	
Advertising		558	
Dues and Memberships		10,966	
Printing, Stationery, and Forms		310	
Travel		3,729	
Office Supplies		287	
Other Supplies and Materials		2,226	
Workers' Compensation Insurance		4,928	
In Service/Staff Development		1,690	
Total County Commission			\$ 126,517

Board of Equalization

Board and Committee Members Fees	\$	1,558	
Total Board of Equalization			1,558

Beer Board

Board and Committee Members Fees	\$	3,325	
Advertising		267	
Total Beer Board			3,592

Other Boards and Committees

Board and Committee Members Fees	\$	4,900	
Total Other Boards and Committees			4,900

County Mayor/Executive

County Official/Administrative Officer	\$	79,028	
Salary Supplements		692	
Secretary(ies)		36,958	
Temporary Personnel		165	
Social Security		7,034	
State Retirement		11,108	
Life Insurance		439	
Medical Insurance		17,684	
Dental Insurance		1,406	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Employer Medicare	\$	1,644	
Advertising		63	
Communication		2,317	
Dues and Memberships		1,800	
Maintenance and Repair Services - Vehicles		39	
Postal Charges		196	
Printing, Stationery, and Forms		1,681	
Travel		1,570	
Other Contracted Services		519	
Gasoline		209	
Office Supplies		619	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		1,232	
In Service/Staff Development		360	
Total County Mayor/Executive			\$ 166,938

Personnel Office

Supervisor/Director	\$	4,040	
Salary Supplements		346	
Clerical Personnel		36,407	
Social Security		2,446	
State Retirement		3,883	
Life Insurance		108	
Medical Insurance		9,147	
Dental Insurance		713	
Employer Medicare		572	
Medical and Dental Services		3,340	
Postal Charges		160	
Travel		796	
Office Supplies		500	
Other Supplies and Materials		970	
Workers' Compensation Insurance		616	
In Service/Staff Development		149	
Furniture and Fixtures		490	
Office Equipment		842	
Total Personnel Office			65,525

County Attorney

Other Contracted Services	\$	77,251	
Total County Attorney			77,251

(Continued)

Exhibit K-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	\$	57,482	
Salary Supplements		692	
Secretary(ies)		36,122	
Temporary Personnel		5,476	
Overtime Pay		2,263	
Election Commission		12,000	
Election Workers		52,233	
Social Security		8,547	
State Retirement		9,111	
Life Insurance		437	
Medical Insurance		18,081	
Dental Insurance		1,319	
Unemployment Compensation		5,485	
Employer Medicare		1,976	
Advertising		3,420	
Communication		2,915	
Dues and Memberships		225	
Operating Lease Payments		1,765	
Licenses		3,016	
Postal Charges		8,688	
Printing, Stationery, and Forms		3,198	
Travel		6,706	
Other Contracted Services		16,984	
Office Supplies		2,335	
Workers' Compensation Insurance		1,232	
Office Equipment		3,376	
Total Election Commission			\$ 265,084

Register of Deeds

County Official/Administrative Officer	\$	63,954
Salary Supplements		1,730
Clerical Personnel		118,375
Social Security		11,003
State Retirement		17,522
Life Insurance		763
Medical Insurance		55,302
Dental Insurance		3,448
Employer Medicare		2,571
Communication		1,086
Dues and Memberships		1,122

(Continued)

Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Register of Deeds (Cont.)

Operating Lease Payments	\$	3,264	
Postal Charges		1,328	
Travel		804	
Other Contracted Services		43,605	
Office Supplies		1,040	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		3,079	
Data Processing Equipment		12,300	
Total Register of Deeds			\$ 342,396

Planning

Assistant(s)	\$	124,946	
Supervisor/Director		67,844	
Salary Supplements		1,730	
Secretary(ies)		31,090	
Social Security		13,627	
State Retirement		21,478	
Life Insurance		986	
Medical Insurance		55,261	
Dental Insurance		3,886	
Employer Medicare		3,184	
Advertising		397	
Communication		4,039	
Consultants		715	
Dues and Memberships		500	
Operating Lease Payments		3,023	
Maintenance and Repair Services - Vehicles		589	
Postal Charges		582	
Printing, Stationery, and Forms		1,088	
Travel		414	
Gasoline		5,301	
Office Supplies		1,945	
Tires and Tubes		658	
Uniforms		20	
Other Supplies and Materials		10	
Workers' Compensation Insurance		3,079	
In Service/Staff Development		475	
Office Equipment		823	
Total Planning			347,690

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems

Supervisor/Director	\$	37,166	
Salary Supplements		346	
Social Security		2,214	
State Retirement		3,571	
Life Insurance		108	
Medical Insurance		9,147	
Dental Insurance		713	
Employer Medicare		517	
Travel		13	
Other Contracted Services		3,000	
Office Supplies		202	
Workers' Compensation Insurance		616	
Office Equipment		522	
Total Geographical Information Systems			\$ 58,135

County Buildings

Supervisor/Director	\$	42,073
Salary Supplements		3,805
Laborers		294,222
Custodial Personnel		24,731
Overtime Pay		2,954
Social Security		21,797
State Retirement		34,506
Life Insurance		1,796
Medical Insurance		118,696
Dental Insurance		7,145
Employer Medicare		5,089
Communication		24,349
Operating Lease Payments		3,100
Maintenance and Repair Services - Buildings		87,874
Maintenance and Repair Services - Vehicles		5,335
Pest Control		5,131
Other Contracted Services		154,662
Custodial Supplies		6,783
Duplicating Supplies		9,786
Gasoline		15,729
Office Supplies		809
Tires and Tubes		1,437
Uniforms		5,110
Utilities		252,842

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Supplies and Materials	\$	234	
Workers' Compensation Insurance		6,776	
In Service/Staff Development		304	
Communication Equipment		600	
Furniture and Fixtures		1,385	
Maintenance Equipment		2,776	
Office Equipment		525	
Total County Buildings			\$ 1,142,361

Other General Administration

Building and Contents Insurance	\$	231,957	
Total Other General Administration			231,957

Finance

Accounting and Budgeting

Supervisor/Director	\$	63,954	
Accountants/Bookkeepers		217,850	
Salary Supplements		6,643	
Part-time Personnel		3,038	
Overtime Pay		3,053	
Social Security		17,814	
State Retirement		27,691	
Life Insurance		1,552	
Medical Insurance		67,473	
Dental Insurance		3,786	
Employer Medicare		4,162	
Advertising		351	
Audit Services		11,726	
Communication		1,618	
Consultants		3,375	
Operating Lease Payments		4,208	
Legal Notices, Recording, and Court Costs		1,179	
Postal Charges		3,500	
Printing, Stationery, and Forms		3,452	
Travel		1,592	
Other Contracted Services		13,572	
Office Supplies		8,492	
Premiums on Corporate Surety Bonds		17	
Workers' Compensation Insurance		4,312	
In Service/Staff Development		574	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

Furniture and Fixtures	\$	408	
Total Accounting and Budgeting			\$ 475,392

Purchasing

Supervisor/Director	\$	53,062	
Purchasing Personnel		71,702	
Salary Supplements		1,038	
Overtime Pay		986	
Social Security		7,680	
State Retirement		12,070	
Life Insurance		322	
Medical Insurance		18,655	
Dental Insurance		1,261	
Employer Medicare		1,791	
Advertising		2,083	
Communication		1,648	
Dues and Memberships		775	
Operating Lease Payments		1,896	
Postal Charges		309	
Travel		1,413	
Other Contracted Services		968	
Office Supplies		2,292	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		1,848	
In Service/Staff Development		620	
Furniture and Fixtures		552	
Office Equipment		545	
Total Purchasing			183,691

Property Assessor's Office

County Official/Administrative Officer	\$	63,954	
Salary Supplements		2,076	
Secretary(ies)		129,416	
Temporary Personnel		4,405	
Overtime Pay		240	
Social Security		11,775	
State Retirement		18,629	
Life Insurance		714	
Medical Insurance		66,254	
Dental Insurance		4,296	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Employer Medicare	\$	2,749	
Advertising		80	
Communication		2,117	
Data Processing Services		8,097	
Dues and Memberships		1,530	
Operating Lease Payments		1,697	
Maintenance Agreements		13,469	
Postal Charges		1,909	
Printing, Stationery, and Forms		581	
Travel		1,031	
Other Contracted Services		12,853	
Gasoline		987	
Office Supplies		662	
Premiums on Corporate Surety Bonds		150	
Workers' Compensation Insurance		3,696	
In Service/Staff Development		825	
Office Equipment		784	
Total Property Assessor's Office			\$ 354,976

County Trustee's Office

County Official/Administrative Officer	\$	63,954
Salary Supplements		1,384
Clerical Personnel		92,248
Temporary Personnel		13,705
Social Security		10,255
State Retirement		15,002
Life Insurance		396
Medical Insurance		31,839
Dental Insurance		2,486
Employer Medicare		2,395
Advertising		104
Communication		1,622
Data Processing Services		350
Dues and Memberships		647
Operating Lease Payments		1,666
Maintenance Agreements		6,992
Postal Charges		13,440
Printing, Stationery, and Forms		2,446
Travel		742
Other Contracted Services		13,409

(Continued)

Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)County Trustee's Office (Cont.)

Office Supplies	\$	2,339	
Premiums on Corporate Surety Bonds		8,518	
Workers' Compensation Insurance		2,464	
Furniture and Fixtures		1,340	
Office Equipment		8,205	
Total County Trustee's Office			\$ 297,948

County Clerk's Office

County Official/Administrative Officer	\$	63,954	
Salary Supplements		2,889	
Clerical Personnel		206,801	
Temporary Personnel		3,840	
Part-time Personnel		25,839	
Social Security		18,285	
State Retirement		25,199	
Life Insurance		1,404	
Medical Insurance		66,604	
Dental Insurance		4,310	
Employer Medicare		4,274	
Communication		1,455	
Dues and Memberships		512	
Operating Lease Payments		2,891	
Postal Charges		9,400	
Printing, Stationery, and Forms		1,722	
Travel		117	
Other Contracted Services		14,977	
Office Supplies		4,233	
Premiums on Corporate Surety Bonds		250	
Workers' Compensation Insurance		4,928	
Furniture and Fixtures		186	
Office Equipment		900	
Total County Clerk's Office			464,970

Data Processing

Computer Programmer(s)	\$	41,259
Salary Supplements		346
Overtime Pay		20
Social Security		2,442
State Retirement		3,963
Life Insurance		107

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Medical Insurance	\$	9,147	
Dental Insurance		713	
Employer Medicare		570	
Communication		4,771	
Other Contracted Services		1,438	
Office Supplies		582	
Workers' Compensation Insurance		616	
Data Processing Equipment		8,926	
Office Equipment		293	
Total Data Processing			\$ 75,193

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Salary Supplements		1,730	
Clerical Personnel		114,090	
Overtime Pay		2,595	
Other Salaries and Wages		1,053	
Social Security		11,125	
State Retirement		17,361	
Life Insurance		764	
Medical Insurance		36,268	
Dental Insurance		2,461	
Employer Medicare		2,600	
Communication		1,088	
Dues and Memberships		812	
Operating Lease Payments		3,685	
Postal Charges		2,474	
Printing, Stationery, and Forms		2,449	
Travel		2,387	
Other Contracted Services		8,423	
Office Supplies		4,519	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		2,464	
In Service/Staff Development		1,000	
Total Circuit Court			283,477

General Sessions Court

Salary Supplements	\$	3,459
Clerical Personnel		241,552

(Continued)

Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)General Sessions Court (Cont.)

Temporary Personnel	\$	12,314	
Part-time Personnel		21,828	
Overtime Pay		4,332	
Other Salaries and Wages		24,538	
Social Security		18,564	
State Retirement		25,995	
Life Insurance		1,174	
Medical Insurance		56,899	
Dental Insurance		4,551	
Unemployment Compensation		199	
Employer Medicare		4,337	
Communication		2,477	
Dues and Memberships		560	
Operating Lease Payments		3,984	
Maintenance Agreements		1,942	
Postal Charges		5,998	
Printing, Stationery, and Forms		6,016	
Travel		1,819	
Other Contracted Services		6,838	
Office Supplies		10,137	
Workers' Compensation Insurance		6,160	
In Service/Staff Development		619	
Furniture and Fixtures		1,813	
Office Equipment		2,128	
Total General Sessions Court			\$ 470,233

General Sessions Judge

County Official/Administrative Officer	\$	138,676
Salary Supplements		692
Clerical Personnel		51,461
Overtime Pay		4,212
Social Security		12,072
State Retirement		18,073
Life Insurance		281
Medical Insurance		11,631
Dental Insurance		1,424
Unemployment Compensation		4,924
Employer Medicare		2,823
Communication		1,197
Dues and Memberships		520

(Continued)

Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)General Sessions Judge (Cont.)

Evaluation and Testing	\$	600	
Printing, Stationery, and Forms		631	
Travel		1,828	
Office Supplies		1,365	
Workers' Compensation Insurance		1,232	
In Service/Staff Development		180	
Total General Sessions Judge			\$ 253,822

Chancery Court

County Official/Administrative Officer	\$	63,954	
Salary Supplements		1,038	
Clerical Personnel		63,538	
Temporary Personnel		4,800	
Social Security		8,113	
State Retirement		12,236	
Life Insurance		217	
Medical Insurance		41,794	
Dental Insurance		3,009	
Employer Medicare		1,897	
Communication		1,083	
Dues and Memberships		642	
Operating Lease Payments		1,523	
Postal Charges		8,586	
Printing, Stationery, and Forms		743	
Travel		1,500	
Office Supplies		2,373	
Premiums on Corporate Surety Bonds		219	
Workers' Compensation Insurance		1,848	
In Service/Staff Development		525	
Land		5,163	
Office Equipment		413	
Total Chancery Court			225,214

Juvenile Court

Supervisor/Director	\$	62,092	
Social Workers		173,855	
Salary Supplements		2,076	
Part-time Personnel		11,505	
Overtime Pay		4,131	
Social Security		15,492	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)Juvenile Court (Cont.)

State Retirement	\$	23,049	
Life Insurance		648	
Medical Insurance		27,802	
Dental Insurance		2,687	
Employer Medicare		3,621	
Communication		5,494	
Operating Lease Payments		2,043	
Maintenance and Repair Services - Vehicles		1,522	
Postal Charges		107	
Travel		2,425	
Other Contracted Services		28,165	
Gasoline		3,272	
Office Supplies		2,367	
Tires and Tubes		461	
Other Supplies and Materials		2,905	
Workers' Compensation Insurance		3,696	
In Service/Staff Development		1,330	
Office Equipment		979	
Total Juvenile Court			\$ 381,724

District Attorney General

Remittance of Revenue Collected	\$	96,365	
Total District Attorney General			96,365

Other Administration of Justice

Jury and Witness Expense	\$	12,750	
Other Contracted Services		1,270	
Total Other Administration of Justice			14,020

Public SafetySheriff's Department

County Official/Administrative Officer	\$	75,265	
Assistant(s)		109,545	
Deputy(ies)		1,077,389	
Investigator(s)		179,048	
Captain(s)		48,747	
Sergeant(s)		114,032	
Salary Supplements		39,313	
Secretary(ies)		29,921	
Clerical Personnel		84,865	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Part-time Personnel	\$	62,279	
School Resource Officer		153,310	
Overtime Pay		121,495	
Social Security		127,780	
State Retirement		192,753	
Life Insurance		6,595	
Medical Insurance		466,554	
Dental Insurance		30,091	
Employer Medicare		29,861	
Communication		18,407	
Dues and Memberships		2,598	
Operating Lease Payments		2,608	
Maintenance Agreements		4,427	
Maintenance and Repair Services - Equipment		2,975	
Maintenance and Repair Services - Vehicles		121,040	
Postal Charges		3,500	
Printing, Stationery, and Forms		2,962	
Tow-in Services		2,200	
Travel		10,124	
Other Contracted Services		10,037	
Drugs and Medical Supplies		1,777	
Gasoline		213,744	
Office Supplies		11,744	
Tires and Tubes		21,176	
Uniforms		19,143	
Other Supplies and Materials		4,105	
Premiums on Corporate Surety Bonds		142	
Workers' Compensation Insurance		29,565	
In Service/Staff Development		6,366	
Communication Equipment		4,139	
Furniture and Fixtures		2,998	
Motor Vehicles		495,213	
Office Equipment		9,538	
Total Sheriff's Department			\$ 3,949,371

Special Patrols

Contributions	\$	20,250	
Law Enforcement Supplies		1,413	
Law Enforcement Equipment		2,068	
Total Special Patrols			23,731

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Traffic Control

Utilities	\$	879	
Total Traffic Control			\$ 879

Jail

Lieutenant(s)	\$	44,892	
Salary Supplements		6,573	
Guards		589,048	
Cafeteria Personnel		55,404	
Overtime Pay		54,423	
Social Security		45,350	
State Retirement		71,021	
Life Insurance		2,306	
Medical Insurance		181,336	
Dental Insurance		10,740	
Employer Medicare		10,596	
Operating Lease Payments		1,759	
Legal Services		5,000	
Postal Charges		44	
Travel		1,115	
Other Contracted Services		81	
Custodial Supplies		8,907	
Drugs and Medical Supplies		215,732	
Food Preparation Supplies		1,599	
Food Supplies		126,471	
Office Supplies		7,121	
Uniforms		3,291	
Chemicals		949	
Other Supplies and Materials		14,304	
Workers' Compensation Insurance		14,950	
Total Jail			1,473,012

Juvenile Services

Other Salaries and Wages	\$	15,067	
Other Per Diem and Fees		1,100	
Social Security		912	
State Retirement		1,434	
Employer Medicare		213	
Other Supplies and Materials		189	
Total Juvenile Services			18,915

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Rural Fire Protection

Contributions	\$ 51,750	
Total Rural Fire Protection		\$ 51,750

Civil Defense

Supervisor/Director	\$ 53,062	
Salary Supplements	692	
Secretary(ies)	26,321	
Social Security	4,881	
State Retirement	7,623	
Life Insurance	215	
Medical Insurance	4,754	
Dental Insurance	987	
Employer Medicare	1,141	
Communication	3,347	
Maintenance and Repair Services - Vehicles	582	
Postal Charges	100	
Printing, Stationery, and Forms	60	
Other Contracted Services	726	
Gasoline	2,509	
Office Supplies	528	
Uniforms	466	
Other Supplies and Materials	250	
Workers' Compensation Insurance	1,232	
In Service/Staff Development	701	
Communication Equipment	100	
Total Civil Defense		110,277

Rescue Squad

Contributions	\$ 91,650	
Total Rescue Squad		91,650

Other Emergency Management

Other Contracted Services	\$ 925	
Food Supplies	73	
Tires and Tubes	869	
Other Supplies and Materials	3,686	
Communication Equipment	298,138	
Office Equipment	800	
Total Other Emergency Management		304,491

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)County Coroner/Medical Examiner

Medical Personnel	\$	9,000	
Other Contracted Services		<u>38,000</u>	
Total County Coroner/Medical Examiner			\$ 47,000

Other Public Safety

Medical Insurance	\$	9,893	
Contributions		<u>540,000</u>	
Total Other Public Safety			549,893

Public Health and WelfareLocal Health Center

Assistant(s)	\$	21,787	
Salary Supplements		325	
Social Security		1,348	
State Retirement		2,105	
Life Insurance		107	
Medical Insurance		13,176	
Dental Insurance		713	
Employer Medicare		315	
Communication		3,710	
Contributions		3,641	
Dues and Memberships		300	
Operating Lease Payments		2,090	
Postal Charges		818	
Printing, Stationery, and Forms		165	
Travel		1,155	
Other Contracted Services		5,992	
Drugs and Medical Supplies		44,719	
Office Supplies		5,923	
Other Supplies and Materials		1,806	
Workers' Compensation Insurance		4,927	
Furniture and Fixtures		<u>991</u>	
Total Local Health Center			116,113

Rabies and Animal Control

Assistant(s)	\$	30,908	
Salary Supplements		1,903	
Part-time Personnel		21,933	
Overtime Pay		5,369	
Other Salaries and Wages		103,086	

(Continued)

Exhibit K-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.)

Social Security	\$	9,713	
State Retirement		13,429	
Life Insurance		541	
Medical Insurance		53,430	
Dental Insurance		3,125	
Employer Medicare		2,268	
Communication		2,494	
Licenses		200	
Maintenance and Repair Services - Vehicles		2,358	
Printing, Stationery, and Forms		55	
Travel		190	
Veterinary Services		14,816	
Other Contracted Services		585	
Animal Food and Supplies		6,468	
Custodial Supplies		2,829	
Gasoline		5,891	
Office Supplies		822	
Tires and Tubes		369	
Uniforms		1,160	
Utilities		5,542	
Other Supplies and Materials		985	
Workers' Compensation Insurance		3,079	
In Service/Staff Development		450	
Total Rabies and Animal Control			\$ 293,998

Other Local Health Services

Salary Supplements	\$	2,276	
Other Salaries and Wages		192,795	
Social Security		11,805	
State Retirement		15,917	
Life Insurance		533	
Medical Insurance		86,009	
Dental Insurance		4,871	
Employer Medicare		2,758	
Travel		6,465	
Total Other Local Health Services			323,429

Other Local Welfare Services

Medical Insurance	\$	5,162	
Unemployment Compensation		7,150	
Total Other Local Welfare Services			12,312

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

Assistant(s)	\$	37,458	
Salary Supplements		1,591	
Secretary(ies)		28,543	
Part-time Personnel		10,538	
Other Salaries and Wages		43,639	
Social Security		7,306	
State Retirement		10,570	
Life Insurance		552	
Medical Insurance		16,133	
Dental Insurance		2,735	
Employer Medicare		1,707	
Communication		1,751	
Operating Lease Payments		1,254	
Maintenance and Repair Services - Equipment		257	
Maintenance and Repair Services - Vehicles		1,196	
Postal Charges		1,100	
Travel		714	
Other Contracted Services		3,067	
Gasoline		1,436	
Office Supplies		444	
Tires and Tubes		231	
Utilities		12,660	
Other Supplies and Materials		101	
Workers' Compensation Insurance		2,464	
Office Equipment		6,481	
Total Senior Citizens Assistance			193,928

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	4,446	
Contracts with Government Agencies		129,705	
Operating Lease Payments		1,452	
Office Supplies		698	
Other Supplies and Materials		580	
Office Equipment		2,214	
Total Agriculture Extension Service			139,095

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Salary Supplements	\$	2,208	
Clerical Personnel		11,784	
Social Security		867	
Employer Medicare		203	
Communication		635	
Contributions		2,000	
Travel		498	
Total Soil Conservation			\$ 18,195

Flood Control

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

Storm Water Management

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

Other Operations

Tourism

Contributions	\$	105,509	
Total Tourism			105,509

Industrial Development

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

Housing and Urban Development

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

Veterans' Services

Other Salaries and Wages	\$	6,162	
Social Security		382	
Employer Medicare		89	
Communication		557	
Contributions		1,800	
Office Supplies		28	
Office Equipment		498	
Total Veterans' Services			9,516

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$	71,036	
Total Contributions to Other Agencies			\$ 71,036

Employee Benefits

Employee and Dependent Insurance	\$	358	
Total Employee Benefits			358

ARRA Grant # 2

Part-time Personnel	\$	14,489	
Social Security		899	
Employer Medicare		210	
Total ARRA Grant # 2			15,598

Miscellaneous

Contracts with Government Agencies	\$	1,400	
Trustee's Commission		183,467	
Tax Relief Program		66,548	
Total Miscellaneous			251,415

Principal on Debt

General Government

Principal on Other Loans	\$	10,341	
Total General Government			10,341

Total General Fund			\$ 14,766,607
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Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Communication	\$	1,479	
Library Books/Media		721	
Total Libraries			\$ 2,200

Other Operations

Miscellaneous

Trustee's Commission	\$	47	
Total Miscellaneous			47

Total Law Library Fund			2,247
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(Continued)

Exhibit K-7

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

Public Library FundSocial, Cultural, and Recreational ServicesLibraries

Salary Supplements	\$	1,695	
Clerical Personnel		117,569	
Temporary Personnel		8,860	
Part-time Personnel		34,311	
Overtime Pay		14	
Social Security		9,907	
State Retirement		11,339	
Life Insurance		539	
Medical Insurance		27,802	
Dental Insurance		2,413	
Unemployment Compensation		894	
Employer Medicare		2,316	
Communication		6,459	
Contributions		5,000	
Janitorial Services		1,250	
Operating Lease Payments		1,082	
Licenses		1,813	
Maintenance Agreements		268	
Maintenance and Repair Services - Office Equipment		539	
Postal Charges		1,418	
Printing, Stationery, and Forms		327	
Custodial Supplies		139	
Electricity		2,920	
Food Supplies		108	
Instructional Supplies and Materials		564	
Library Books/Media		14,164	
Office Supplies		3,616	
Periodicals		770	
Other Supplies and Materials		1,428	
Workers' Compensation Insurance		3,090	
In Service/Staff Development		419	
Other Charges		70	
Furniture and Fixtures		52	
Office Equipment		3,867	
Total Libraries			\$ 267,022

Other OperationsMiscellaneous

Trustee's Commission	\$	5,016	
Total Miscellaneous			5,016

Total Public Library Fund \$ 272,038

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Education/Information

Guards	\$	4,833	
Part-time Personnel		1,409	
Social Security		386	
State Retirement		490	
Life Insurance		26	
Medical Insurance		3,145	
Dental Insurance		170	
Employer Medicare		90	
Maintenance and Repair Services - Vehicles		117	
Travel		231	
Other Contracted Services		8,166	
Diesel Fuel		3,589	
Other Supplies and Materials		899	
Total Sanitation Education/Information			\$ 23,551

Convenience Centers

Assistant(s)	\$	11,445
Salary Supplements		3,200
Foremen		78,001
Attendants		61,267
Part-time Personnel		85,101
Overtime Pay		3,321
Social Security		14,657
State Retirement		13,728
Life Insurance		904
Medical Insurance		48,751
Dental Insurance		3,448
Employer Medicare		3,425
Communication		2,152
Dues and Memberships		345
Legal Notices, Recording, and Court Costs		93
Maintenance and Repair Services - Equipment		19,297
Maintenance and Repair Services - Vehicles		1,324
Pest Control		324
Rentals		5,560
Travel		665
Disposal Fees		111,861
Other Contracted Services		49,344
Custodial Supplies		2,795
Diesel Fuel		900

(Continued)

Exhibit K-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 (Cont.)

Fuel Oil	\$	139	
Gasoline		3,880	
Propane Gas		1,654	
Tires and Tubes		581	
Uniforms		4,619	
Utilities		11,793	
Other Supplies and Materials		2,147	
Workers' Compensation Insurance		3,708	
Solid Waste Equipment		35,759	
Other Equipment		300	
Total Convenience Centers			\$ 586,488

Other OperationsMiscellaneous

Trustee's Commission	\$	7,920	
Total Miscellaneous			<u>7,920</u>

Total Solid Waste/Sanitation Fund \$ 617,959

Industrial/Economic Development FundOther OperationsIndustrial Development

Other Contracted Services	\$	4,300	
Total Industrial Development			\$ 4,300

Miscellaneous

Trustee's Commission	\$	105	
Total Miscellaneous			<u>105</u>

Total Industrial/Economic Development Fund 4,405

Drug Control FundPublic SafetyDrug Enforcement

Salary Supplements	\$	20,000	
Other Contracted Services		22,723	
Law Enforcement Supplies		19,114	
Other Supplies and Materials		12,030	
Trustee's Commission		935	
In Service/Staff Development		2,056	

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Charges	\$	15,000	
Law Enforcement Equipment		9,595	
Motor Vehicles		748	
Total Drug Enforcement			\$ 102,201

Public Health and Welfare

Alcohol and Drug Programs

Law Enforcement Equipment	\$	18,392	
Motor Vehicles		730	
Total Alcohol and Drug Programs			19,122

Total Drug Control Fund \$ 121,323

Other Special Revenue Fund

Public Safety

Drug Enforcement

Other Contracted Services	\$	891	
Law Enforcement Supplies		1,264	
Other Supplies and Materials		4,904	
In Service/Staff Development		4,059	
Law Enforcement Equipment		4,332	
Total Drug Enforcement			\$ 15,450

Total Other Special Revenue Fund 15,450

(Continued)

Exhibit K-7

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

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	75,265	
Assistant(s)		14,652	
Salary Supplements		6,227	
Foremen		55,345	
Mechanic(s)		57,718	
Equipment Operators		133,472	
Truck Drivers		243,912	
Clerical Personnel		30,183	
Temporary Personnel		19,212	
Overtime Pay		50,343	
Dues and Memberships		3,610	
Maintenance and Repair Services - Office Equipment		90	
Postal Charges		300	
Printing, Stationery, and Forms		110	
Travel		374	
Office Supplies		2,896	
In Service/Staff Development		690	
Office Equipment		2,783	
Total Administration			\$ 697,182

Highway and Bridge Maintenance

Engineering Services	\$	1,045	
Rentals		3,146	
Other Contracted Services		10,327	
Asphalt - Cold Mix		4,715	
Asphalt - Hot Mix		666,466	
Concrete		4,309	
Crushed Stone		40,172	
Pipe		49,608	
Road Signs		26,353	
Salt		43,260	
Chemicals		851	
Other Supplies and Materials		3,558	
Total Highway and Bridge Maintenance			853,810

Operation and Maintenance of Equipment

Maintenance and Repair Services - Vehicles	\$	31,826	
Tow-in Services		2,126	
Disposal Fees		7,950	
Diesel Fuel		59,100	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment (Cont.)

Equipment Parts - Heavy	\$	18,811	
Equipment Parts - Light		75,985	
Gasoline		28,092	
Lubricants		4,450	
Tires and Tubes		19,993	
Other Supplies and Materials		9,410	
Other Charges		679	
Total Operation and Maintenance of Equipment			\$ 258,422

Other Charges

Communication	\$	11,187	
Pest Control		372	
Other Contracted Services		1,953	
Custodial Supplies		515	
Drugs and Medical Supplies		380	
Electricity		9,891	
Garage Supplies		10,759	
Ice		250	
Uniforms		12,424	
Liability Insurance		74,191	
Premiums on Corporate Surety Bonds		367	
Trustee's Commission		30,967	
Other Charges		465	
Total Other Charges			153,721

Employee Benefits

Social Security	\$	41,453	
State Retirement		62,344	
Employee and Dependent Insurance		81	
Life Insurance		2,683	
Medical Insurance		165,168	
Dental Insurance		11,243	
Unemployment Compensation		1,618	
Employer Medicare		9,686	
Workers' Compensation Insurance		35,508	
Total Employee Benefits			329,784

Capital Outlay

Matching Share	\$	104,054	
Furniture and Fixtures		2,506	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Highway Equipment	\$	56,643	
Motor Vehicles		22,296	
State Aid Projects		387,230	
Other Equipment		7,658	
Total Capital Outlay			\$ 580,387

Total Highway/Public Works Fund \$ 2,873,306

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	320,000	
Principal on Other Loans		511,000	
Total General Government			\$ 831,000

Highways and Streets

Principal on Notes	\$	54,269	
Total Highways and Streets			54,269

Interest on Debt

General Government

Interest on Bonds	\$	170,325	
Interest on Other Loans		45,304	
Total General Government			215,629

Highways and Streets

Interest on Notes	\$	1,007	
Total Highways and Streets			1,007

Other Debt Service

General Government

Trustee's Commission	\$	24,410	
Other Debt Service		240,100	
Total General Government			264,510

Total General Debt Service Fund 1,366,415

(Continued)

Exhibit K-7

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

Education Debt Service FundPrincipal on DebtEducation

Principal on Notes	\$ 1,859,781	
Principal on Other Loans	<u>721,684</u>	
Total Education		\$ 2,581,465

Interest on DebtEducation

Interest on Notes	\$ 66,314	
Interest on Other Loans	<u>429,893</u>	
Total Education		496,207

Other Debt ServiceEducation

Trustee's Commission	\$ 43,065	
Other Debt Service	<u>815</u>	
Total Education		43,880

Capital ProjectsEducation Capital Projects

Contributions	\$ 3,430,094	
Total Education Capital Projects		<u>3,430,094</u>

Total Education Debt Service Fund \$ 6,551,646

General Capital Projects FundOther OperationsMiscellaneous

Trustee's Commission	\$ 7,262	
Total Miscellaneous		\$ 7,262

Capital ProjectsGeneral Administration Projects

Other Contracted Services	\$ 67,275	
Total General Administration Projects		67,275

Administration of Justice Projects

Other Equipment	\$ 12,627	
Total Administration of Justice Projects		12,627

Public Health and Welfare Projects

Other Contracted Services	\$ 7,500	
Total Public Health and Welfare Projects		7,500

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Other General Government Projects

Advertising	\$	465	
Engineering Services		74,431	
Evaluation and Testing		48,846	
Other Contracted Services		1,379	
Site Development		<u>992,979</u>	
Total Other General Government Projects	\$		1,118,100

Highway and Street Capital Projects

Other Construction	\$	<u>36,800</u>	
Total Highway and Street Capital Projects			<u>36,800</u>

Total General Capital Projects Fund \$ 1,249,564

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Other Contracted Services	\$	276,520	
Trustee's Commission		<u>5,953</u>	
Total Highway and Street Capital Projects	\$		<u>282,473</u>

Total Highway Capital Projects Fund 282,473

Total Governmental Funds - Primary Government \$ 28,123,433

Exhibit K-8

Loudon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Loudon County School Department
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,612,794	
Career Ladder Program	118,458	
Career Ladder Extended Contracts	74,500	
Homebound Teachers	4,706	
Educational Assistants	906,718	
Certified Substitute Teachers	50,538	
Non-certified Substitute Teachers	142,686	
Social Security	831,626	
State Retirement	1,218,075	
Life Insurance	77,944	
Medical Insurance	2,297,412	
Dental Insurance	137,263	
Unemployment Compensation	51,464	
Employer Medicare	194,714	
Maintenance and Repair Services - Buildings	1,325	
Travel	2,984	
Other Contracted Services	14,732	
Instructional Supplies and Materials	572,472	
Textbooks	277,412	
Total Regular Instruction Program		\$ 19,587,823

Special Education Program

Teachers	\$ 1,218,282	
Career Ladder Program	9,000	
Career Ladder Extended Contracts	2,000	
Homebound Teachers	24,538	
Educational Assistants	223,537	
Speech Pathologist	38,116	
Certified Substitute Teachers	7,860	
Non-certified Substitute Teachers	32,164	
Social Security	93,528	
State Retirement	138,209	
Life Insurance	7,994	
Medical Insurance	261,926	
Dental Insurance	13,870	
Employer Medicare	21,875	
Other Contracted Services	161,150	
Instructional Supplies and Materials	29,205	
Special Education Equipment	59,843	
Total Special Education Program		2,343,097

(Continued)

Exhibit K-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.)Vocational Education Program

Teachers	\$	586,486	
Career Ladder Program		7,630	
Career Ladder Extended Contracts		1,000	
Educational Assistants		18,132	
Certified Substitute Teachers		5,670	
Non-certified Substitute Teachers		7,726	
Social Security		37,419	
State Retirement		55,584	
Life Insurance		2,779	
Medical Insurance		106,623	
Dental Insurance		5,380	
Employer Medicare		8,751	
Maintenance and Repair Services - Equipment		3,724	
Travel		2,711	
Gasoline		136	
Instructional Supplies and Materials		126,946	
Total Vocational Education Program			\$ 976,697

Support ServicesHealth Services

Medical Personnel	\$	167,976	
Social Security		9,671	
State Retirement		15,855	
Life Insurance		1,434	
Medical Insurance		47,782	
Dental Insurance		2,051	
Employer Medicare		2,262	
Other Contracted Services		2,000	
Drugs and Medical Supplies		5,755	
Office Supplies		484	
In Service/Staff Development		558	
Total Health Services			255,828

Other Student Support

Career Ladder Program	\$	7,000	
Guidance Personnel		636,153	
Career Ladder Extended Contracts		8,500	
Clerical Personnel		118,175	
Social Security		47,248	

(Continued)

Exhibit K-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.)

Other Student Support (Cont.)

State Retirement	\$	70,227	
Life Insurance		3,103	
Medical Insurance		86,973	
Dental Insurance		5,462	
Employer Medicare		11,050	
Communication		1,885	
Contracts with Government Agencies		88,500	
Evaluation and Testing		24,280	
Total Other Student Support			\$ 1,108,556

Regular Instruction Program

Supervisor/Director	\$	151,763	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		6,500	
Librarians		393,698	
Secretary(ies)		253,947	
Social Security		48,971	
State Retirement		74,943	
Life Insurance		3,852	
Medical Insurance		120,677	
Dental Insurance		7,238	
Employer Medicare		11,453	
Maintenance and Repair Services - Buildings		505	
Travel		13,664	
Library Books/Media		65,881	
In Service/Staff Development		35,441	
Other Equipment		1,406	
Total Regular Instruction Program			1,198,939

Special Education Program

Supervisor/Director	\$	21,956	
Career Ladder Program		4,000	
Psychological Personnel		192,128	
Career Ladder Extended Contracts		4,000	
Speech Pathologist		45,368	
Social Security		16,248	
State Retirement		24,204	
Life Insurance		1,098	
Medical Insurance		37,740	

(Continued)

Exhibit K-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 (Cont.)

Dental Insurance	\$	2,059	
Employer Medicare		3,800	
Travel		3,965	
Total Special Education Program			\$ 356,566

Vocational Education Program

Supervisor/Director	\$	59,289	
Clerical Personnel		31,279	
Social Security		5,579	
State Retirement		8,343	
Life Insurance		427	
Medical Insurance		13,521	
Dental Insurance		736	
Employer Medicare		1,305	
Travel		3,546	
In Service/Staff Development		230	
Total Vocational Education Program			124,255

Other Programs

On-Behalf Payments to OPEB	\$	153,016	
Total Other Programs			153,016

Board of Education

Board and Committee Members Fees	\$	35,640	
Social Security		2,210	
State Retirement		1,371	
Life Insurance		1,071	
Dental Insurance		1,323	
Employer Medicare		517	
Audit Services		19,000	
Legal Services		15,582	
Travel		12,457	
Liability Insurance		22,066	
Premiums on Corporate Surety Bonds		384	
Trustee's Commission		296,549	
Workers' Compensation Insurance		150,557	
Total Board of Education			558,727

(Continued)

Exhibit K-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.)

Director of Schools

County Official/Administrative Officer	\$	135,537	
Career Ladder Program		1,000	
Secretary(ies)		39,557	
Social Security		10,492	
State Retirement		16,122	
Life Insurance		1,398	
Medical Insurance		18,544	
Dental Insurance		1,320	
Employer Medicare		2,551	
Communication		22,932	
Dues and Memberships		14,027	
Postal Charges		4,561	
Travel		12,747	
Other Contracted Services		38,049	
Office Supplies		6,868	
Periodicals		1,497	
Total Director of Schools			\$ 327,202

Office of the Principal

Principals	\$	580,058	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		5,000	
Social Security		35,420	
State Retirement		53,672	
Life Insurance		1,616	
Medical Insurance		81,845	
Dental Insurance		4,120	
Employer Medicare		8,284	
Communication		40,966	
Postal Charges		4,219	
Total Office of the Principal			823,200

Fiscal Services

Accountants/Bookkeepers	\$	45,451	
Social Security		2,818	
State Retirement		4,327	
Life Insurance		183	
Medical Insurance		5,737	
Dental Insurance		340	

(Continued)

Exhibit K-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.)

Fiscal Services (Cont.)

Employer Medicare	\$	659	
Total Fiscal Services			\$ 59,515

Operation of Plant

Custodial Personnel	\$	78,182	
Social Security		4,206	
State Retirement		7,065	
Life Insurance		302	
Medical Insurance		20,634	
Dental Insurance		1,504	
Employer Medicare		1,016	
Maintenance and Repair Services - Buildings		63	
Other Contracted Services		1,070,921	
Electricity		829,456	
Gasoline		660	
Natural Gas		90,260	
Water and Sewer		69,664	
Building and Contents Insurance		204,667	
Total Operation of Plant			2,378,600

Maintenance of Plant

Maintenance and Repair Services - Buildings	\$	200,694	
Administration Equipment		21,815	
Total Maintenance of Plant			222,509

Transportation

Supervisor/Director	\$	46,191	
Social Security		2,585	
State Retirement		4,397	
Life Insurance		183	
Medical Insurance		9,484	
Dental Insurance		358	
Employer Medicare		605	
Contracts with Parents		4,807	
Contracts with Vehicle Owners		1,532,522	
Freight Expenses		26	
Maintenance and Repair Services - Equipment		4,701	
Medical and Dental Services		2,385	
Travel		808	

(Continued)

Exhibit K-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 (Cont.)

Other Contracted Services	\$	30	
Office Supplies		1,988	
In Service/Staff Development		4,864	
Other Charges		4,040	
Total Transportation			\$ 1,619,974

Central and Other

Supervisor/Director	\$	56,481	
Instructional Computer Personnel		147,241	
Social Security		11,722	
State Retirement		19,129	
Life Insurance		915	
Medical Insurance		41,607	
Dental Insurance		2,084	
Employer Medicare		2,741	
Dues and Memberships		150	
Maintenance and Repair Services - Equipment		240,092	
Travel		9,024	
Other Contracted Services		10,358	
Other Supplies and Materials		2,193	
Data Processing Equipment		63,911	
Other Equipment		52,683	
Total Central and Other			660,331

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	38,287	
Secretary(ies)		14,182	
Social Security		3,253	
State Retirement		4,794	
Life Insurance		366	
Medical Insurance		11,224	
Dental Insurance		697	
Employer Medicare		761	
Total Food Service			73,564

Community Services

Supervisor/Director	\$	156,844
Clerical Personnel		27,635

(Continued)

Exhibit K-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 (Cont.)

Community Services (Cont.)

Educational Assistants	\$	79,167	
Other Salaries and Wages		54,907	
Social Security		19,389	
State Retirement		23,736	
Life Insurance		915	
Medical Insurance		32,583	
Dental Insurance		1,506	
Employer Medicare		4,535	
Communication		1,232	
Engineering Services		12,000	
Travel		8,062	
Other Contracted Services		242,088	
Food Supplies		1,117	
Instructional Supplies and Materials		15,367	
Office Supplies		3,673	
Other Supplies and Materials		50,241	
In Service/Staff Development		2,023	
Office Equipment		3,159	
Other Equipment		68,320	
Total Community Services			\$ 808,499

Early Childhood Education

Teachers	\$	313,296	
Educational Assistants		243,506	
Certified Substitute Teachers		660	
Non-certified Substitute Teachers		15,530	
Social Security		33,991	
State Retirement		51,572	
Life Insurance		4,239	
Medical Insurance		129,035	
Dental Insurance		6,582	
Employer Medicare		7,949	
Contracts with Other School Systems		88,236	
Other Supplies and Materials		11,043	
In Service/Staff Development		2,282	
Other Charges		552	
Total Early Childhood Education			908,473

Total General Purpose School Fund \$ 34,545,371

(Continued)

Exhibit K-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	\$	411,957	
Educational Assistants		63,620	
Other Salaries and Wages		130,792	
Certified Substitute Teachers		5,850	
Non-certified Substitute Teachers		22,262	
Social Security		38,939	
State Retirement		54,371	
Life Insurance		2,120	
Medical Insurance		57,285	
Dental Insurance		3,669	
Employer Medicare		9,108	
Instructional Supplies and Materials		262,110	
Other Supplies and Materials		21,226	
Other Charges		366	
Regular Instruction Equipment		397,993	
Total Regular Instruction Program			\$ 1,481,668

Special Education Program

Teachers	\$	39,252	
Educational Assistants		532,555	
Other Salaries and Wages		37,865	
Certified Substitute Teachers		750	
Non-certified Substitute Teachers		12,575	
Social Security		36,712	
State Retirement		57,727	
Life Insurance		6,405	
Medical Insurance		194,125	
Dental Insurance		10,567	
Employer Medicare		8,587	
Other Contracted Services		200,012	
Instructional Supplies and Materials		82,353	
Special Education Equipment		102,935	
Total Special Education Program			1,322,420

Vocational Education Program

Other Salaries and Wages	\$	6,000
Social Security		372
State Retirement		543
Employer Medicare		87

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$	33,859	
Total Vocational Education Program			\$ 40,861

Support Services

Other Student Support

Postal Charges	\$	1,403	
Travel		13,536	
Other Contracted Services		7,451	
In Service/Staff Development		3,784	
Total Other Student Support			26,174

Regular Instruction Program

Supervisor/Director	\$	48,791	
Secretary(ies)		15,640	
Other Salaries and Wages		61,450	
Social Security		7,805	
State Retirement		10,630	
Life Insurance		122	
Employer Medicare		1,825	
Travel		1,441	
Other Supplies and Materials		7,900	
In Service/Staff Development		81,638	
Other Charges		7,222	
Total Regular Instruction Program			244,464

Special Education Program

Supervisor/Director	\$	51,230	
Secretary(ies)		35,639	
Other Salaries and Wages		6,000	
Social Security		5,702	
State Retirement		8,572	
Life Insurance		183	
Medical Insurance		5,683	
Dental Insurance		340	
Employer Medicare		1,334	
Travel		7,846	
Other Supplies and Materials		4,968	
In Service/Staff Development		52,026	
Total Special Education Program			179,523

(Continued)

Exhibit K-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.)

Vocational Education Program

Travel	\$	3,200	
In Service/Staff Development		500	
Total Vocational Education Program			\$ 3,700

Transportation

Contracts with Parents	\$	4,192	
Other Contracted Services		26,767	
Total Transportation			30,959

Operation of Non-Instructional Services

Food Service

Other Supplies and Materials	\$	3,000	
Total Food Service			<u>3,000</u>

Total School Federal Projects Fund \$ 3,332,769

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	31,524
Secretary(ies)		14,183
Cafeteria Personnel		826,272
Social Security		50,510
State Retirement		65,908
Life Insurance		3,251
Medical Insurance		80,753
Dental Insurance		8,126
Employer Medicare		11,813
Dues and Memberships		835
Maintenance Agreements		8,464
Maintenance and Repair Services - Equipment		26,466
Postal Charges		1,000
Travel		3,009
Other Contracted Services		5,882
Food Supplies		1,140,601
Office Supplies		2,884
Uniforms		4,533
Other Supplies and Materials		72,435
In Service/Staff Development		1,831

(Continued)

Exhibit K-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.)

Food Service Equipment	\$ 8,518	
Total Food Service		\$ 2,368,798

Total Central Cafeteria Fund		\$ 2,368,798
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Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 192,952	
Engineering Services	250,000	
Maintenance and Repair Services - Buildings	1,966	
Other Contracted Services	2,918	
Building Improvements	59,828	
Heating and Air Conditioning Equipment	9,054	
Total Education Capital Projects		\$ 516,718

Total Education Capital Projects Fund		516,718
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Total Governmental Funds - Loudon County School Department		\$ 40,763,656
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Exhibit K-9

Loudon County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund	City School ADA - Lenoir City Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 4,720,036	\$ 4,720,036
Trustee's Collections - Prior Years	0	107,378	107,378
Trustee's Collections - Bankruptcy	0	3,374	3,374
Circuit/Clerk and Master Collections - Prior Years	0	86,882	86,882
Interest and Penalty	0	23,656	23,656
Local Option Sales Tax	3,496,923	1,429,780	4,926,703
Adequate Facilities/Development Tax	0	98,794	98,794
Bank Excise Tax	0	1,768	1,768
Interstate Telecommunications Tax	0	1,442	1,442
Mixed Drink Tax	0	3,158	3,158
Total Cash Receipts	<u>\$ 3,496,923</u>	<u>\$ 6,476,268</u>	<u>\$ 9,973,191</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,461,954	\$ 6,351,331	\$ 9,813,285
Trustee's Commission	34,969	110,766	145,735
Total Cash Disbursements	<u>\$ 3,496,923</u>	<u>\$ 6,462,097</u>	<u>\$ 9,959,020</u>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 0	\$ 14,171	\$ 14,171
Cash Balance, July 1, 2010	0	158,256	158,256
Cash Balance, June 30, 2011	<u>\$ 0</u>	<u>\$ 172,427</u>	<u>\$ 172,427</u>

SINGLE AUDIT SECTION



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

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

February 7, 2012

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, 2011, which collectively comprise Loudon County's basic financial statements and have issued our report thereon dated February 7, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Loudon County Emergency Communications District as described in our report on Loudon County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting: 11.01. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

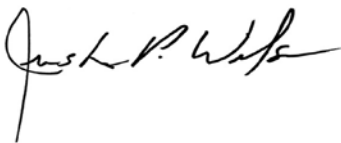
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Loudon County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also 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,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

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

February 7, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Loudon County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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, 2011.

Internal Control Over Compliance

The management of Loudon County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Loudon County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Loudon County's internal control over compliance.

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

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

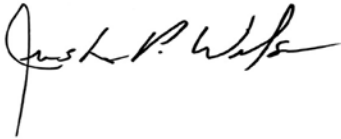
Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated February 7, 2012. 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 long vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Loudon County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

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	\$ 164,411 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	384,714
National School Lunch Program	10.555	N/A	1,048,559 (3)
Passed-through East Tennessee Human Resource Agency, Inc.:			
Summer Food Service Program for Children	10.559	N/A	47,466
Total U.S. Department of Agriculture			<u>\$ 1,645,150</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 30,482
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)			
Program/Grants to Units of Local Governments	16.804	(2)	15,598
Passed-through State Administrative Office of the Courts:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	12,647
Passed-through State Office of Criminal Justice Programs:			
Federal Asset Forfeiture Program	16.XXX	(2)	15,526
Total U.S. Department of Justice			<u>\$ 74,253</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 696,885
Title I Grants to Local Educational Agencies, Recovery Act	84.389	(2)	288,877
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	993,412
Special Education - Grants to States, Recovery Act	84.391	(2)	543,218
Special Education - Preschool Grants	84.173	(2)	13,473
Special Education - Preschool Grants, Recovery Act	84.392	(2)	4,045
Career and Technical Education - Basic Grants to States	84.048	(2)	59,205
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	208
Funds for the Improvement of Education	84.215	(2)	25,939
Education Technology State Grants	84.318	N/A	2,191
English Language Acquisition Grants	84.365	N/A	24,472
Improving Teacher Quality State Grants	84.367	N/A	220,429
School Improvement Grants	84.377	(2)	178,919
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	1,246
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,821,898
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	601,559
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	358,393
Total U.S. Department of Education			<u>\$ 5,834,369</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)	\$ 2,029
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	(2)	34,996
Passed-through State Department of Education:			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	N/A	32,390
Total U.S. Department of Health and Human Services			<u>\$ 69,415</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 33,500
Buffer Zone Protection Program (BZPP)	97.078	(2)	86,878
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	2008-GE-T8-0048	113,827 (4)
Homeland Security Grant Program	97.067	2009-SS-T9-0086	96,413 (4)
Total U.S. Department of Homeland Security			<u>\$ 330,618</u>
Total Expenditures of Federal Awards			<u>\$ 7,953,805</u>
<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Services Program - State Children's Services Commission	N/A	(2)	\$ 10,700
Aging Program - State Office on Aging	N/A	(2)	10,054
Law Enforcement Training	N/A	(2)	23,400
Health Department Grants - State Department of Health	N/A	(2)	368,568
Litter Program - State Department of Transportation	N/A	(2)	23,247
State Industrial Access Grant - State Department of Transportation	N/A	(2)	508,197
Early Childhood Development Pilot/State - State Department of Education	N/A	(2)	794,125
Leaps - State Department of Education	N/A	(2)	35,544
Total State Grants			<u>\$ 1,773,835</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 \$1,212,970.
(4) Total for CFDA No. 97.067 is \$210,240.

Loudon County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There are no findings from the Comprehensive Annual Financial Report for Loudon County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

LOUDON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

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 were material to the financial statements of Loudon County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Title I Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173 and 84.392); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act, and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Loudon County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICES OF CLERK AND MASTER AND SHERIFF

FINDING 11.01

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 Offices of Clerk and Master and 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 clerk and master and 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, 2011**

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

Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 10.01 AND 10.02

The Loudon County School Department has implemented an internal control process whereby all school nutrition bids are reviewed to confirm the validity of the bid and to ensure compliance with procurement policy and procedures.