

# **ANNUAL FINANCIAL REPORT**

## **LOUDON COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2016**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**LOUDON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2016**

***COMPTROLLER OF THE TREASURY***  
***JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT***  
***JAMES R. ARNETTE***  
***Director***

***MARK TREECE, CPA, CGFM***  
***Audit Manager***

***AMY SOSVILLE, CPA***  
***Auditor 4***

***STEPHEN ALRED***  
***AMY MOORE, CGFM***  
***JACOB ROGERS***  
***DOUG SANDIDGE, CISA, CFE***  
***State Auditors***

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Loudon County, Tennessee  
For the Year Ended June 30, 2016

## ***Scope***

We have audited the basic financial statements of Loudon County as of and for the year ended June 30, 2016.

## ***Results***

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

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

## ***Findings***

The following are summaries of the audit findings:

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

- ◆ The animal shelter had accounting deficiencies.

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### **OFFICE OF DIRECTOR SCHOOLS**

- ◆ Lunch prices did not meet federal requirements of the School Nutrition Program.

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### **OFFICE OF SHERIFF**

- ◆ Duties were not segregated adequately.
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## INTRODUCTORY SECTION

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## Loudon County Officials

June 30, 2016

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### **Officials**

Rollen Bradshaw, County Mayor  
Eddie Simpson, Highway Superintendent  
Jason Vance, Director of Schools  
George Miller, II, Trustee  
Michael Campbell, Assessor of Property  
Darlene Russell, County Clerk  
Lisa Niles, Circuit, General Sessions, and Juvenile Courts Clerk  
Fred Chaney, Clerk and Master  
Tracie Littleton, Register of Deeds  
Tim Guider, Sheriff  
Tracy Blair, Director of Accounts and Budgets  
Susan Huskey, Purchasing Agent

### **Board of County Commissioners**

Stephen Harrelson, Chairman  
Harold Duff  
Leo Bradshaw  
Matthew Tinker  
Bill Satterfield

Earlena Maples  
David Meers  
Van Shaver  
Kelly Littleton-Brewster  
Henry Cullen

### **Board of Education**

Ric Best, Chairman  
Scott Newman, Vice Chairman  
William Jenkins  
Bobby Johnson, Jr.  
Kenny Ridings

Jeremy Buckles  
Craig Simon  
Philip Moffett  
Leroy Tate  
Gary Ubben

### **Audit Committee**

Matthew Tinker, Chairman  
Van Shaver  
Stephen Harrelson  
Charlie Bettis



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## FINANCIAL SECTION

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

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, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, 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, 2016, and the respective changes in financial position thereof, and the respective budgetary comparison for the General and Highway/Public Works Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Loudon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

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 schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plans on pages 92-99 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.

#### *Supplementary and Other Information*

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

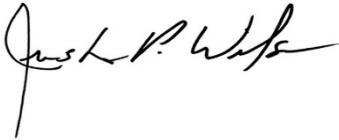
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Loudon County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Loudon County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2017, on our consideration of Loudon County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Loudon County's internal control over financial reporting and compliance.

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 from the bottom of the "n" in "Wilson".

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 18, 2017

JPW/kp

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Loudon County, Tennessee  
Statement of Net Position  
June 30, 2016

	Primary Government Governmental Activities	Component Unit Loudon County School Department
<u>ASSETS</u>		
Cash	\$ 10,339	\$ 89,787
Equity in Pooled Cash and Investments	19,764,203	17,123,141
Accounts Receivable	192,845	4,797
Due from Other Governments	2,413,055	974,859
Due from Primary Government	0	5,911
Property Taxes Receivable	17,935,321	11,683,627
Allowance for Uncollectible Property Taxes	(394,551)	(257,838)
Prepaid Items	746,279	704,999
Other Current Assets	196,049	0
Net Pension Asset - Teacher Retirement Plan	0	19,152
Capital Assets:		
Assets Not Depreciated:		
Land	5,915,130	3,946,406
Construction in Progress	0	2,454,100
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	11,168,538	69,607,103
Other Capital Assets	2,450,285	846,533
Infrastructure - Roads, Streets, and Bridges	24,887,571	95,126
Total Assets	<u>\$ 85,285,064</u>	<u>\$ 107,297,703</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 66,953	\$ 183,310
Pension Contributions after Measurement Date	899,730	1,974,004
Pension Other Deferrals	0	244,090
Accumulated Decrease in Fair Value of Hedging Derivatives	949,192	0
Deferred Charges on Refunding	97,890	0
Total Deferred Outflows of Resources	<u>\$ 2,013,765</u>	<u>\$ 2,401,404</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 207,513	\$ 177,478
Accrued Payroll	437,209	0
Accrued Interest Payable	134,440	0
Payroll Deductions Payable	97,883	1,321,593
Contracts Payable	0	790,427
Retainage Payable	0	41,601
Due to State of Tennessee	10,669	0
Due to Component Units	5,911	0
Due to Litigants, Heirs, and Others	14,780	0
Derivative - Interest Rate Swap	949,192	0
Other Current Liabilities	29,106	23,199
Noncurrent Liabilities:		
Due Within One Year	5,019,492	0
Due in More Than One Year	63,511,160	1,446,975
Total Liabilities	<u>\$ 70,417,355</u>	<u>\$ 3,801,273</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Loudon County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Revenue - Property Taxes	\$ 17,233,070	\$ 11,223,957
Pension Changes in Experience	281,481	3,203,041
Pension Changes in Investment Earnings	307,858	1,391,819
Total Deferred Inflows of Resources	<u>\$ 17,822,409</u>	<u>\$ 15,818,817</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 39,930,863	\$ 76,949,268
Restricted for:		
General Government	37,298	0
Finance	23,740	0
Administration of Justice	492,547	0
Public Safety	656,858	0
Public Health and Welfare	25,119	0
Social, Cultural, and Recreational	188,670	0
Highways	1,386,491	0
Education	0	398,084
Debt Service	1,751,065	0
Capital Projects	823,852	8,712,736
Unrestricted	<u>(46,257,438)</u>	<u>4,018,929</u>
Total Net Position	<u>\$ (940,935)</u>	<u>\$ 90,079,017</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, 2016

Functions/Programs					Net (Expense) Revenue and Changes in Net Position	
	Expenses	Program Revenues		Capital Grants and Contributions	Primary Government Total Governmental Activities	Component
		Charges for Services	Operating Grants and Contributions			Unit Loudon County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 4,071,451	\$ 962,040	\$ 172,012	\$ 0	\$ (2,937,399)	\$ 0
Finance	2,361,699	1,342,634	0	0	(1,019,065)	0
Administration of Justice	1,935,459	1,168,878	10,170	0	(756,411)	0
Public Safety	8,529,781	282,021	192,092	124,921	(7,930,747)	0
Public Health and Welfare	1,889,493	162,634	368,705	273,433	(1,084,721)	0
Social, Cultural, and Recreational Services	668,056	10,544	56,111	0	(601,401)	0
Agriculture and Natural Resources	142,341	0	0	0	(142,341)	0
Highways	3,940,471	15,276	2,105,248	437,001	(1,382,946)	0
Education	99,497	0	0	0	(99,497)	0
Interest on Long-term Debt	2,078,249	0	234,420	0	(1,843,829)	0
Total Primary Government	<u>\$ 25,716,497</u>	<u>\$ 3,944,027</u>	<u>\$ 3,138,758</u>	<u>\$ 835,355</u>	<u>\$ (17,798,357)</u>	<u>\$ 0</u>
Component Unit:						
Loudon County School Department	<u>\$ 42,063,494</u>	<u>\$ 483,115</u>	<u>\$ 4,745,499</u>	<u>\$ 9,868</u>	<u>\$ 0</u>	<u>\$ (36,825,012)</u>
Total Component Unit	<u>\$ 42,063,494</u>	<u>\$ 483,115</u>	<u>\$ 4,745,499</u>	<u>\$ 9,868</u>	<u>\$ 0</u>	<u>\$ (36,825,012)</u>

(Continued)

Exhibit B

Loudon County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Total Governmental Activities	Loudon County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 8,303,971	\$ 10,720,386
Property Taxes Levied for Public Library					229,584	0
Property Taxes Levied for Highway/Public Works					585,511	0
Property Taxes Levied for General Debt Service					1,217,145	0
Property Taxes Levied for Education Debt Service					4,922,982	0
Property Taxes Levied for Capital Projects					176,506	0
Property Taxes Levied for Highway Capital Projects					303,538	0
Sales Taxes					1,077,402	3,655,891
Hotel/Motel Tax					468,839	0
Business Tax					596,050	0
Litigation Tax					489,884	0
Mineral Severance Tax					45,111	0
Adequate Facilities/Development Tax					0	601,320
Other Local Taxes					90,682	0
Bank Excise Tax					27,259	0
Mixed Drink Tax					18,002	0
Grants and Contributions Not Restricted to Specific Programs					1,508,213	21,855,268
Unrestricted Investment Income					209,608	30,910
Miscellaneous					290,863	96,840
Revenue from Joint Ventures					24,832	0
Total General Revenues					<u>\$ 20,585,982</u>	<u>\$ 36,960,615</u>
Change in Net Position					\$ 2,787,625	\$ 135,603
Net Position, July 1, 2015					<u>(3,728,560)</u>	<u>89,943,414</u>
Net Position, June 30, 2016					<u><u>\$ (940,935)</u></u>	<u><u>\$ 90,079,017</u></u>

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, 2016

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 10,339	\$ 10,339
Equity in Pooled Cash and Investments	5,913,280	1,075,550	8,897,010	3,878,363	19,764,203
Accounts Receivable	123,572	257	0	69,016	192,845
Due from Other Governments	1,964,769	325,240	0	123,046	2,413,055
Due from Other Funds	11,070	0	0	78,446	89,516
Property Taxes Receivable	10,022,336	652,434	5,114,593	2,145,958	17,935,321
Allowance for Uncollectible Property Taxes	(221,176)	(14,398)	(111,618)	(47,359)	(394,551)
Prepaid Items	586,465	152,310	0	7,504	746,279
Other Current Assets	160,748	21,094	0	14,207	196,049
Total Assets	<u>\$ 18,561,064</u>	<u>\$ 2,212,487</u>	<u>\$ 13,899,985</u>	<u>\$ 6,279,520</u>	<u>\$ 40,953,056</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 181,386	\$ 15,760	\$ 0	\$ 10,367	\$ 207,513
Accrued Payroll	367,224	43,001	0	26,984	437,209
Payroll Deductions Payable	94,409	1,520	0	1,954	97,883
Due to Other Funds	0	78,446	0	11,070	89,516
Due to Component Units	5,911	0	0	0	5,911
Due to State of Tennessee	10,669	0	0	0	10,669
Due to Litigants, Heirs, and Others	0	0	0	14,780	14,780
Other Current Liabilities	29,106	0	0	0	29,106
Total Liabilities	<u>\$ 688,705</u>	<u>\$ 138,727</u>	<u>\$ 0</u>	<u>\$ 65,155</u>	<u>\$ 892,587</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 9,628,027	\$ 626,766	\$ 4,916,749	\$ 2,061,528	\$ 17,233,070
Deferred Delinquent Property Taxes	155,622	10,130	77,505	33,322	276,579
Other Deferred/Unavailable Revenue	654,526	162,297	0	44,791	861,614
Total Deferred Inflows of Resources	<u>\$ 10,438,175</u>	<u>\$ 799,193</u>	<u>\$ 4,994,254</u>	<u>\$ 2,139,641</u>	<u>\$ 18,371,263</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Prepaid Items	\$ 586,465	\$ 152,310	\$ 0	\$ 7,504	\$ 746,279
Restricted:					
Restricted for General Government	30,955	0	0	0	30,955
Restricted for Finance	23,740	0	0	0	23,740
Restricted for Administration of Justice	476,715	0	0	15,832	492,547
Restricted for Public Safety	66,645	0	0	589,734	656,379
Restricted for Public Health and Welfare	7,147	0	0	0	7,147
Restricted for Social, Cultural, and Recreational Services	0	0	0	184,703	184,703
Restricted for Highways/Public Works	0	1,122,257	0	0	1,122,257
Restricted for Debt Service	0	0	8,905,731	1,744,735	10,650,466
Restricted for Capital Projects	0	0	0	815,552	815,552
Committed:					
Committed for Public Health and Welfare	8,642	0	0	613,430	622,072
Committed for Other Operations	0	0	0	72,059	72,059
Committed for Debt Service	0	0	0	31,175	31,175
Assigned:					
Assigned for General Government	1,419,604	0	0	0	1,419,604
Assigned for Finance	46,176	0	0	0	46,176

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES (Cont.)</u>					
Assigned (Cont.):					
Assigned for Administration of Justice	\$ 3,036	\$ 0	\$ 0	\$ 0	\$ 3,036
Assigned for Public Safety	83,304	0	0	0	83,304
Assigned for Public Health and Welfare	3,126	0	0	0	3,126
Assigned for Social, Cultural, and Recreational Services	2,189	0	0	0	2,189
Assigned for Agriculture and Natural Resources	33,849	0	0	0	33,849
Assigned for Other Operations	9,975	0	0	0	9,975
Unassigned	4,632,616	0	0	0	4,632,616
Total Fund Balances	<u>\$ 7,434,184</u>	<u>\$ 1,274,567</u>	<u>\$ 8,905,731</u>	<u>\$ 4,074,724</u>	<u>\$ 21,689,206</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,561,064</u>	<u>\$ 2,212,487</u>	<u>\$ 13,899,985</u>	<u>\$ 6,279,520</u>	<u>\$ 40,953,056</u>

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

Exhibit C-2

Loudon County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 21,689,206
(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: infrastructure net of accumulated depreciation	24,887,571	
Add: buildings and improvements net of accumulated depreciation	11,168,538	
Add: other capital assets net of accumulated depreciation	<u>2,450,285</u>	44,421,524
(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	\$ (292,000)	
Less: bonds payable	(48,090,000)	
Less: other loans payable	(11,751,336)	
Add: deferred amount on refunding	97,890	
Less: unamortized portion of debt premiums	(1,830,952)	
Less: accrued interest on notes, bonds, and other loans	(134,440)	
Less: other postemployment benefits liability	(5,598,366)	
Less: compensated absences payable	<u>(563,140)</u>	(68,162,344)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	966,683	
Less: deferred inflows of resources related to pensions	<u>(589,339)</u>	377,344
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,138,193
(5) Net pension liabilities of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		<u>(404,858)</u>
Net position of governmental activities (Exhibit A)		<u>\$ (940,935)</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, 2016

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 10,573,783	\$ 631,593	\$ 4,932,337	\$ 2,643,372	\$ 18,781,085
Licenses and Permits	686,128	0	0	0	686,128
Fines, Forfeitures, and Penalties	435,025	0	0	111,498	546,523
Charges for Current Services	76,250	0	0	25,005	101,255
Other Local Revenues	204,731	87,944	180,039	200,528	673,242
Fees Received From County Officials	2,277,511	0	0	0	2,277,511
State of Tennessee	1,705,707	2,022,010	0	86,550	3,814,267
Federal Government	225,296	103,697	0	359,599	688,592
Other Governments and Citizens Groups	84,149	1,767	0	266,331	352,247
Total Revenues	\$ 16,268,580	\$ 2,847,011	\$ 5,112,376	\$ 3,692,883	\$ 27,920,850
<u>Expenditures</u>					
Current:					
General Government	\$ 3,065,792	\$ 0	\$ 0	\$ 0	\$ 3,065,792
Finance	2,285,025	0	0	7,769	2,292,794
Administration of Justice	1,870,129	0	0	6,764	1,876,893
Public Safety	7,251,799	0	0	129,248	7,381,047
Public Health and Welfare	677,876	0	0	780,981	1,458,857
Social, Cultural, and Recreational Services	242,895	0	0	295,937	538,832
Agriculture and Natural Resources	139,841	0	0	0	139,841
Other Operations	708,730	0	0	18,745	727,475
Highways	0	2,645,382	0	0	2,645,382
Debt Service:					
Principal on Debt	43,465	0	3,195,300	1,121,000	4,359,765
Interest on Debt	0	0	1,841,003	122,162	1,963,165
Other Debt Service	0	0	99,497	261,600	361,097

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 1,639,761	\$ 1,639,761
Total Expenditures	\$ 16,285,552	\$ 2,645,382	\$ 5,135,800	\$ 4,383,967	\$ 28,450,701
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,972)	\$ 201,629	\$ (23,424)	\$ (691,084)	\$ (529,851)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 18,598	\$ 0	\$ 0	\$ 2,212	\$ 20,810
Transfers In	100,000	0	0	79,965	179,965
Transfers Out	0	(79,965)	0	(100,000)	(179,965)
Total Other Financing Sources (Uses)	\$ 118,598	\$ (79,965)	\$ 0	\$ (17,823)	\$ 20,810
Net Change in Fund Balances	\$ 101,626	\$ 121,664	\$ (23,424)	\$ (708,907)	\$ (509,041)
Fund Balance, July 1, 2015	7,332,558	1,152,903	8,929,155	4,783,631	22,198,247
Fund Balance, June 30, 2016	\$ 7,434,184	\$ 1,274,567	\$ 8,905,731	\$ 4,074,724	\$ 21,689,206

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, 2016

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)		\$	(509,041)
(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	\$	913,335	
Less: current-year depreciation expense		<u>(1,895,114)</u>	(981,779)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.			
Add: assets donated and capitalized	\$	562,247	
Less: book value of capital assets disposed		<u>(389,841)</u>	172,406
(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, 2015	\$	(1,110,465)	
Add: deferred delinquent property taxes and other deferred June 30, 2016		<u>1,138,193</u>	27,728
(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 position. Also, governmental funds report the effect of 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	\$	37,000	
Add: principal payments on other loans		1,617,765	
Add: principal payments on bonds		2,705,000	
Add: change in premium on debt issues		161,141	
Less: change in deferred charge on refunding		<u>(33,019)</u>	4,487,887
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	18,394	
Change in compensated absences payable		15,705	
Change in other postemployment benefits liability		(887,313)	
Change in net pension liability/asset		(691,886)	
Change in deferred outflows related to pensions		94,803	
Change in deferred inflows related to pensions		<u>1,040,721</u>	(409,576)
Change in net position of governmental activities (Exhibit B)			<u>\$ 2,787,625</u>

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

Exhibit C-5

Loudon County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,573,783	\$ 0	\$ 0	\$ 10,573,783	\$ 9,860,243	\$ 10,346,396	\$ 227,387
Licenses and Permits	686,128	0	0	686,128	582,300	660,500	25,628
Fines, Forfeitures, and Penalties	435,025	0	0	435,025	426,150	435,350	(325)
Charges for Current Services	76,250	0	0	76,250	86,400	76,400	(150)
Other Local Revenues	204,731	0	0	204,731	149,324	179,084	25,647
Fees Received From County Officials	2,277,511	0	0	2,277,511	2,236,250	2,235,250	42,261
State of Tennessee	1,705,707	0	0	1,705,707	1,575,431	1,611,292	94,415
Federal Government	225,296	0	0	225,296	71,506	237,678	(12,382)
Other Governments and Citizens Groups	84,149	0	0	84,149	33,000	73,255	10,894
Total Revenues	\$ 16,268,580	\$ 0	\$ 0	\$ 16,268,580	\$ 15,020,604	\$ 15,855,205	\$ 413,375
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 204,539	\$ (25,000)	\$ 72,100	\$ 251,639	\$ 153,667	\$ 265,682	\$ 14,043
Board of Equalization	1,495	0	0	1,495	2,000	2,000	505
Beer Board	5,850	0	0	5,850	7,000	7,000	1,150
Other Boards and Committees	5,250	0	0	5,250	6,600	6,600	1,350
County Mayor/Executive	216,375	(272)	260	216,363	221,432	228,010	11,647
Personnel Office	39,850	0	1,380	41,230	47,465	52,306	11,076
County Attorney	140,076	0	8,726	148,802	155,000	190,000	41,198
Election Commission	264,869	(5,492)	660	260,037	285,668	289,239	29,202
Register of Deeds	279,516	(5,834)	72	273,754	280,209	286,257	12,503
Planning	99,012	(734)	1,072	99,350	115,883	110,465	11,115
Codes Compliance	215,547	(907)	701	215,341	238,862	241,963	26,622
Geographical Information Systems	73,078	0	0	73,078	63,105	77,965	4,887
County Buildings	1,226,017	(32,596)	6,474	1,199,895	1,309,726	1,278,911	79,016
Other General Administration	294,318	(348)	1,000	294,970	300,995	300,995	6,025
<u>Finance</u>							
Accounting and Budgeting	607,176	(25,148)	5,029	587,057	585,555	593,106	6,049
Purchasing	261,691	(3,902)	3,483	261,272	255,684	269,927	8,655

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 398,134	\$ (31,643)	\$ 32,568	\$ 399,059	\$ 414,119	\$ 413,635	\$ 14,576
County Trustee's Office	341,047	(4,303)	1,002	337,746	355,450	347,765	10,019
County Clerk's Office	530,639	(5,392)	4,441	529,688	536,352	540,888	11,200
Data Processing	146,338	(1,420)	50	144,968	157,247	157,488	12,520
<u>Administration of Justice</u>							
Circuit Court	348,355	(592)	0	347,763	374,092	380,629	32,866
General Sessions Court	498,416	(4,137)	1,700	495,979	527,177	545,646	49,667
General Sessions Judge	422,697	0	497	423,194	266,761	436,904	13,710
Chancery Court	210,556	(285)	0	210,271	219,217	220,497	10,226
Juvenile Court	281,214	(946)	840	281,108	297,620	308,028	26,920
Judicial Commissioners	73,705	(42)	0	73,663	134,579	88,062	14,399
Other Administration of Justice	13,259	0	0	13,259	15,500	15,500	2,241
Victim Assistance Programs	21,927	0	0	21,927	13,200	22,400	473
<u>Public Safety</u>							
Sheriff's Department	4,242,927	(7,371)	5,779	4,241,335	4,332,776	4,396,564	155,229
Special Patrols	17,341	0	81	17,422	20,000	20,000	2,578
Traffic Control	2,003	0	0	2,003	1,500	2,500	497
Administration of the Sexual Offender Registry	2,170	0	0	2,170	1,700	3,700	1,530
Jail	1,991,358	(24,595)	5,327	1,972,090	1,947,705	2,035,775	63,685
Rural Fire Protection	181,250	(25,000)	38,750	195,000	195,000	195,000	0
Civil Defense	186,783	(8,197)	9,818	188,404	191,959	193,344	4,940
Other Emergency Management	16,000	0	12,500	28,500	0	28,500	0
County Coroner/Medical Examiner	67,950	0	11,050	79,000	59,000	79,000	0
Other Public Safety	544,017	0	0	544,017	547,424	544,018	1
<u>Public Health and Welfare</u>							
Local Health Center	81,960	(974)	1,230	82,216	91,598	91,598	9,382
Rabies and Animal Control	314,672	(11,724)	1,897	304,845	371,763	364,139	59,294
Maternal and Child Health Services	45,364	(7,283)	0	38,081	34,293	34,293	(3,788)
Other Local Health Services	235,880	0	0	235,880	331,200	331,200	95,320

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	\$ 2,500	\$ 0	\$ 0	\$ 2,500	\$ 2,500	\$ 2,500	\$ 0
Senior Citizens Assistance	215,395	(221)	2,189	217,363	207,857	223,873	6,510
Parks and Fair Boards	25,000	(25,000)	0	0	0	0	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	118,939	(323)	31,849	150,465	152,523	152,523	2,058
Soil Conservation	17,442	(121)	0	17,321	19,400	19,400	2,079
Flood Control	0	0	2,000	2,000	2,000	2,000	0
Storm Water Management	3,460	0	0	3,460	4,000	4,000	540
<u>Other Operations</u>							
Tourism	136,699	(7,710)	6,975	135,964	115,000	139,617	3,653
Industrial Development	166,429	0	0	166,429	166,430	166,430	1
Housing and Urban Development	3,750	0	0	3,750	3,750	3,750	0
Veterans' Services	41,013	0	0	41,013	45,552	45,552	4,539
Contributions to Other Agencies	58,100	0	3,000	61,100	61,100	61,100	0
Employee Benefits	1,924	0	0	1,924	5,000	5,000	3,076
Miscellaneous	300,815	0	0	300,815	295,000	301,500	685
<u>Principal on Debt</u>							
General Government	43,465	0	0	43,465	55,100	43,465	0
Total Expenditures	\$ 16,285,552	\$ (267,512)	\$ 274,500	\$ 16,292,540	\$ 16,601,295	\$ 17,168,209	\$ 875,669
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,972)	\$ 267,512	\$ (274,500)	\$ (23,960)	\$ (1,580,691)	\$ (1,313,004)	\$ 1,289,044
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 18,598	\$ 0	\$ 0	\$ 18,598	\$ 0	\$ 9,828	\$ 8,770
Transfers In	100,000	0	0	100,000	100,000	100,000	0
Total Other Financing Sources	\$ 118,598	\$ 0	\$ 0	\$ 118,598	\$ 100,000	\$ 109,828	\$ 8,770

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 101,626	\$ 267,512	\$ (274,500)	\$ 94,638	\$ (1,480,691)	\$ (1,203,176)	\$ 1,297,814
Fund Balance, July 1, 2015	7,332,558	(267,512)	0	7,065,046	4,746,294	4,746,294	2,318,752
Fund Balance, June 30, 2016	\$ 7,434,184	\$ 0	\$ (274,500)	\$ 7,159,684	\$ 3,265,603	\$ 3,543,118	\$ 3,616,566

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

Exhibit C-6

Loudon County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 631,593	\$ 0	\$ 0	\$ 631,593	\$ 610,175	\$ 611,790	\$ 19,803
Other Local Revenues	87,944	0	0	87,944	31,644	89,650	(1,706)
State of Tennessee	2,022,010	0	0	2,022,010	1,824,550	1,992,969	29,041
Federal Government	103,697	0	0	103,697	0	739,697	(636,000)
Other Governments and Citizens Groups	1,767	0	0	1,767	0	1,500	267
Total Revenues	\$ 2,847,011	\$ 0	\$ 0	\$ 2,847,011	\$ 2,466,369	\$ 3,435,606	\$ (588,595)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 757,165	\$ 0	\$ 0	\$ 757,165	\$ 822,039	\$ 762,260	\$ 5,095
Highway and Bridge Maintenance	725,763	(105,883)	90,662	710,542	401,000	850,617	140,075
Operation and Maintenance of Equipment	197,801	(5,077)	3,500	196,224	321,500	264,690	68,466
Other Charges	163,167	(1,769)	441	161,839	181,402	178,237	16,398
Employee Benefits	376,563	0	0	376,563	373,764	384,480	7,917
Capital Outlay	424,923	0	0	424,923	398,000	1,495,342	1,070,419
Total Expenditures	\$ 2,645,382	\$ (112,729)	\$ 94,603	\$ 2,627,256	\$ 2,497,705	\$ 3,935,626	\$ 1,308,370
Excess (Deficiency) of Revenues Over Expenditures	\$ 201,629	\$ 112,729	\$ (94,603)	\$ 219,755	\$ (31,336)	\$ (500,020)	\$ 719,775
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (79,965)	\$ 0	\$ 0	\$ (79,965)	\$ (89,516)	\$ (89,516)	\$ 9,551
Total Other Financing Sources	\$ (79,965)	\$ 0	\$ 0	\$ (79,965)	\$ (89,516)	\$ (89,516)	\$ 9,551
Net Change in Fund Balance	\$ 121,664	\$ 112,729	\$ (94,603)	\$ 139,790	\$ (120,852)	\$ (589,536)	\$ 729,326
Fund Balance, July 1, 2015	1,152,903	(112,729)	0	1,040,174	1,040,024	1,040,024	150
Fund Balance, June 30, 2016	\$ 1,274,567	\$ 0	\$ (94,603)	\$ 1,179,964	\$ 919,172	\$ 450,488	\$ 729,476

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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 511,521
Equity in Pooled Cash and Investments	3,423,631
Accounts Receivable	25,856
Due from Other Governments	1,122,758
Taxes Receivable	6,126,653
Allowance for Uncollectible Taxes	<u>(135,205)</u>
Total Assets	<u><u>\$ 11,075,214</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 31,853
Due to Other Taxing Units	7,323,179
Due to Litigants, Heirs, and Others	511,521
Due to Joint Ventures	<u>3,208,661</u>
Total Liabilities	<u><u>\$ 11,075,214</u></u>

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

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## LOUDON COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**LOUDON COUNTY, TENNESSEE**  
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**LOUDON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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 financial statements of the Loudon County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. 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, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Loudon County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Loudon County, and the Loudon County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Loudon County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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

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

Loudon County issues all debt for the discretely presented Loudon County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2016.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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. It has no enterprise funds to report.

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

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

recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

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

Loudon County reports the following major governmental funds:

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

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

**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 funds:

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges for services. Operating expenses for the internal service fund consist of dental and vision claims.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Deposits and Investments**

For purposes of the Statement of Cash Flows of the School Department's internal service fund (the Employee Dental and Vision Insurance Fund), cash includes demand deposits.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment

Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Loudon County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position 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 are reported at cost. All other investments are reported at fair value.

## **2. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or as advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.19 percent of total taxes levied.

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 inflow of resources 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 as a deferred inflow of resources 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. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. 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. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, employer contributions made to the pension plan after the measurement date, pension other deferrals, accumulated decrease in the fair value of hedging derivatives, and deferred charges on refundings.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, changes in investment earnings, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

**6. Compensated Absences**

It is the primary government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. School Department employees must use their vacation benefits within the year earned. There is no liability for unpaid accumulated sick leave since the primary government and the School Department do not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

## **7. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

## **8. Net Position and Fund Balance**

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2016, Loudon County had \$55,656,500 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 position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's director of accounts and budgets to make

assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund consists of amounts assigned for encumbrances (\$274,500) and fund balance appropriated for use in the 2016-2017 budget (\$1,326,759). Assigned fund balance in the General Purpose School Fund consists of amounts assigned for encumbrances (\$216,055) and fund balance appropriated for use in the 2016-2017 budget (\$1,821,191).

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.

**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Loudon County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Loudon County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

**Discretely Presented Loudon County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

## **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 Position**

#### **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 Position.

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

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to the government-wide Statement of Net Position.

### **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 position of governmental activities reported in the government-wide Statement of Activities.

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

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

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

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Loudon County

Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2016, Loudon County reported the following significant encumbrances:

Fund	Description	Amount
Discretely Presented School Department		
Major Fund:		
Education Capital Projects	Various Renovation Projects	\$ 3,869,150

**B. Fund Deficit**

The School Federal Projects Fund of the discretely presented School Department had a deficit in unassigned fund balance of \$5,337 at June 30, 2016. This deficit is expected to be liquidated upon the receipt of federal funds subsequent to year-end.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Maternal and Child Health Services major appropriations category (the legal level of control) of the General Fund by \$3,788. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Fund.

**D. Some County Officials Did Not Obtain Sufficient Surety Bond Coverage**

County officials that took office on September 1, 2014, executed surety bonds; however, certain of these officials did not obtain sufficient bond amounts. Chapter 315 of the Public Acts of 2013 amended most public officials' surety bonds in Tennessee. The following table reflects the minimum bond

requirements and the actual amount of the surety bond as of June 30, 2016, for those officials who were below the minimum coverage amount.

Official	Minimum Required Surety Bond	Actual Surety Bond
Circuit, General Sessions and Juvenile Courts Clerk	\$ 100,000	\$ 50,000
Register of Deeds	100,000	25,000
Sheriff	100,000	25,000

Effective September 1, 2016, the above officials' bonds have been increased to the minimum required surety amounts.

#### 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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2016, Loudon County had the following investments carried at fair value within the fair value hierarchy established by generally accepted accounting principles. Pooled investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Loudon County and the discretely presented Loudon County School Department since both pool their deposits and investments through the county trustee.



## POOLED INVESTMENTS

Investment	Maturities	Fair Value	Moody's	Ratings	
				S&P	Fitch
Investments at Fair Value:					
Federal Home Loan Bank	9-9-16	\$ 250,758	Aaa	AA+	
Federal Home Loan Bank	9-9-16	201,878	Aaa	AA+	
Federal Farm Credit Bank	4-24-17	500,650	Aaa	AA+	
Federal Farm Credit Bank	10-14-16	500,220	Aaa	AA+	
Anherst NY, Pub Impt	9-15-16	201,742	Aa2		
Bucks County PA, Taxable GO BDS	12-15-16	199,890	Aaa	AAA	
California St GO BDS Taxable	3-1-17	516,835	Aa3	AA-	A+
Carroll County MD, CONS	11-1-16	201,618	Aa1	AAA	AAA
Connecticut ST, Taxable GO BDS	10-15-16	500,475	Aa3	AA-	AA-
Denver CO City & County Justice SYS FAC BDS	8-1-16	251,010	Aaa	AAA	AAA
Denver CO City & County SCH Dist No. 1, GO BDS, GIC with , SER 2012B	12-1-16	202,796	Aa2	AA	AA+
Des Plaines Ill, CABS Taxable at Maty Ser 2009A	12-1-16	139,500	Aa2		
Metropolitan Govt Nashivlle & Davidson CNTY TN SPORTS AUTH REV PUB IMPT REF BDS Ser 2013B	7-1-16	750,000	Aa3	AA-	
Michigan ST GO REF Ser 2009A	11-1-16	610,632	Aa1	AA-	AA
Mississippi ST Taxable Ser 2013A	12-1-16	1,005,500	Aa2	AA	AA+
Santa Clara CA UNI SCH DIST GO BDS, SER 2008	7-1-16	200,000		AA	
Stratford Conn Go BDS, Ser 2013	8-15-16	500,920	A1	AA	
Tennessee ST, GO REF BDS, SER 2012-A	8-1-16	250,748	Aaa	AAA	AAA
Washington ST, Taxable GO BDS Taxable SER 2010T	8-1-16	<u>250,590</u>	Aa1	AA+	AA+
Total		<u>\$ 7,235,761</u>			

All of the above investments are classified as Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**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.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Loudon County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Home Loan Bank (6.3%); Federal Farm Credit Bank (13.8%); California State (7.1%); Connecticut State (6.9%); Metropolitan government Nashville and Davidson County (10.4%); Michigan State (8.4%); Mississippi State (13.9%); and Stratford, Connecticut (6.9%).

## B. Derivative Instrument

At June 30, 2016, Loudon County had the following derivative instrument 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 balance and notional amount of the derivative instrument outstanding at June 30, 2016, classified by type, and the changes in fair value using a pay fixed, receive percentage of LIBOR pricing model (Level 2 inputs of the GAAP fair value hierarchy) of such derivative instruments for the year then ended as reported in the 2016 financial statements is as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2016</u>		6-30-16
	Classification	Amount	Classification	Amount	Notional Amount
<b>Governmental Activities</b>					
Cash Flow Hedge:					
Pay fixed interest rate swaps:					
\$12.5M Swap	Deferred	\$ (118,318)	Debt	\$ (949,192)	\$ 8,275,000
	Outflow				
Total		<u>\$ (118,318)</u>		<u>\$ (949,192)</u>	<u>\$ 8,275,000</u>

### **Derivative Swap Agreement Detail**

Under its loan agreement, the Public Building Authority of Blount 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, 2016, 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>-0.63</u>
Net interest rate swap payments		2.50 %
Variable-rate bond coupon payments		<u>0.88</u>
Synthetic interest rate on bonds		<u><u>3.38 %</u></u>

**Fair value.** As of June 30, 2016, the swap had a negative fair value of \$949,192. 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, 2016, 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, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa2/BBB+/BBB+ by Moody's, Standard and Poor's, and Fitch, respectively.

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

**Termination risk.** The swap agreement contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

**Swap payments and associated debt.** As of June 30, 2016, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate	
	Principal	Interest	Swap Payment	Total
2017	\$ 720,000	\$ 72,537	\$ 207,267	\$ 999,804
2018	765,000	66,226	189,233	1,020,459
2019	810,000	59,520	170,072	1,039,592
2020	855,000	52,420	149,783	1,057,203
2021	910,000	44,925	128,368	1,083,293
2022-2025	4,215,000	95,022	271,513	4,581,535
Total	\$ 8,275,000	\$ 390,650	\$ 1,116,236	\$ 9,781,886

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2016, was as follows:

## **Primary Government**

### **Governmental Activities:**

	Restated Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 5,915,130	\$ 0	\$ 0	\$ 5,915,130
Construction in Progress	2,975	253,523	(256,498)	0
Total Capital Assets Not Depreciated	<u>\$ 5,918,105</u>	<u>\$ 253,523</u>	<u>\$ (256,498)</u>	<u>\$ 5,915,130</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,590,765	\$ 262,961	\$ 0	\$ 14,853,726
Infrastructure	48,439,823	437,326	0	48,877,149
Other Capital Assets	8,743,836	778,270	(830,280)	8,691,826
Total Capital Assets Depreciated	<u>\$ 71,774,424</u>	<u>\$ 1,478,557</u>	<u>\$ (830,280)</u>	<u>\$ 72,422,701</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,434,248	\$ 250,940	\$ 0	\$ 3,685,188
Infrastructure	23,006,755	982,823	0	23,989,578
Other Capital Assets	6,020,629	661,351	(440,439)	6,241,541
Total Accumulated Depreciation	<u>\$ 32,461,632</u>	<u>\$ 1,895,114</u>	<u>\$ (440,439)</u>	<u>\$ 33,916,307</u>
Total Capital Assets Depreciated, Net	<u>\$ 39,312,792</u>	<u>\$ (416,557)</u>	<u>\$ (389,841)</u>	<u>\$ 38,506,394</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,230,897</u>	<u>\$ (163,034)</u>	<u>\$ (646,339)</u>	<u>\$ 44,421,524</u>

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

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

**Governmental Activities:**

General Government	\$ 125,933
Finance	1,659
Administration of Justice	28,414
Public Safety	541,295
Public Health and Welfare	76,230
Social, Cultural, and Recreational Services	27,302
Highways/Public Works	<u>1,094,281</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,895,114</u></u>

**Discretely Presented Loudon County School Department****Governmental Activities:**

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 3,946,406	\$ 0	\$ 0	\$ 3,946,406
Construction in Progress	168,761	2,285,339	0	2,454,100
Total Capital Assets Not Depreciated	<u>\$ 4,115,167</u>	<u>\$ 2,285,339</u>	<u>\$ 0</u>	<u>\$ 6,400,506</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 86,307,677	\$ 548,675	\$ (23,000)	\$ 86,833,352
Infrastructure	0	96,087	0	96,087
Other Capital Assets	1,480,668	125,927	(11,522)	1,595,073
Total Capital Assets Depreciated	<u>\$ 87,788,345</u>	<u>\$ 770,689</u>	<u>\$ (34,522)</u>	<u>\$ 88,524,512</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 15,525,323	\$ 1,705,430	\$ (4,504)	\$ 17,226,249
Infrastructure		961	0	961
Other Capital Assets	635,600	117,549	(4,609)	748,540
Total Accumulated Depreciation	<u>\$ 16,160,923</u>	<u>\$ 1,823,940</u>	<u>\$ (9,113)</u>	<u>\$ 17,975,750</u>
Total Capital Assets Depreciated, Net	<u>\$ 71,627,422</u>	<u>\$ (1,053,251)</u>	<u>\$ (25,409)</u>	<u>\$ 70,548,762</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 75,742,589</u></u>	<u><u>\$ 1,232,088</u></u>	<u><u>\$ (25,409)</u></u>	<u><u>\$ 76,949,268</u></u>

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

**Governmental Activities:**

Instruction	\$ 27,752
Support Services	1,782,191
Operation of Non-instructional Services	<u>13,997</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,823,940</u></u>

**D. Construction Commitments**

At June 30, 2016, the discretely presented School Department's Education Capital Projects Fund had uncompleted contracts totaling \$3,869,150 for the Loudon County High project. Funding has been provided for these future expenditures.

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

The composition of interfund balances as of June 30, 2016, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 11,070
Nonmajor governmental	Highway/Public Works Fund	78,446
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	2,971

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.

**Due to/from Primary Government and Component Unit:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General	\$ 5,911



## Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

### Primary Government

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Funds
Highway/Public Works Fund	\$ 0	\$ 79,965
Nonmajor governmental funds	100,000	0

The transfer of \$79,965 from the Highway/Public Works Fund to the General Debt Service Fund is to retire highway debt. The county made a one-time transfer from the General Capital Projects to the General Fund of \$100,000 to repay the prior-year transfer to subsidize the county's matching share of a federal grant.

### F. Payables

The total of \$14,780 in the nonmajor governmental funds Due to Litigants, Heirs, and Others account represents deposits from law enforcement seizures pending disposition by the Tennessee Department of Safety.

### G. Hospital Lease Agreement

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

## H. Long-term Obligations

### 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 for the primary government and the discretely presented School Department. In addition, general obligation bonds and other loans have been issued to refund other general obligation debt. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 25 years for bonds, up to ten 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, 2016, will be retired from the General Fund and the debt service funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	1.4 to 5 %	6-1-36	\$ 52,190,000	\$ 45,960,000
General Obligation Bonds - Refunding	2.8	4-1-20	2,600,000	2,130,000
Capital Outlay Notes	2.88	2-1-23	400,000	292,000
Other Loans - City of Loudon	0	N/A	475,000	214,836
Other Loans - PBA Variable Rate	variable	6-1-25	19,835,000	10,160,000
Loan Agreement - State School Bond Authority (QZABs)	0	12-1-20	4,129,500	1,376,500

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, 2016:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-16	Interest Type	Variable Interest Rates as of 6-30-16	Other Fees on Variable Rate Debt
<u>Montgomery County</u>					
<u>Public Building Authority:</u>					
Various Purposes	\$ 5,000,000	\$ 815,000	Variable	0.42 %	0.75 %
<u>Blount County</u>					
<u>Public Building Authority:</u>					
School Projects-Refunding	12,265,000	8,320,000	Variable	0.87 (1)	0.11
Various Purposes-Refunding	2,570,000	<u>1,025,000</u>	Variable	0.87	0.11
Total		<u>\$ 10,160,000</u>			

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

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

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-16	Interest Rates
<u>City of Loudon</u>			
Highlands Business Center	\$ 475,000	\$ 214,836	0 %

Under the agreement, the county must pay its incremental tax revenues (excess of current taxes over base year amounts), from properties within the development toward the retirement of this obligation. The maximum amount the county is required to pay is \$475,000 (with no interest accruing and no stated maturity date). During the year, the county paid \$43,465 under the agreement.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2016, including estimated interest payments and other fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 2,775,000	\$ 1,495,475	\$ 4,270,475
2018	2,880,000	1,405,225	4,285,225
2019	2,905,000	1,318,125	4,223,125
2020	3,045,000	1,225,475	4,270,475
2021	2,540,000	1,130,125	3,670,125
2022-2026	11,620,000	4,634,663	16,254,663
2027-2031	10,580,000	2,966,200	13,546,200
2032-2036	11,745,000	1,158,889	12,903,889
Total	\$ 48,090,000	\$ 15,334,177	\$ 63,424,177

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 38,000	\$ 8,410	\$ 46,410
2018	39,000	7,315	46,315
2019	41,000	6,192	47,192
2020	42,000	5,011	47,011
2021	43,000	3,802	46,802
2022-2023	89,000	3,859	92,859
Total	\$ 292,000	\$ 34,589	\$ 326,589

Year Ending June 30	Other Loans - PBA and QZAB			
	Principal	Interest	Other Fees	Total
2017	\$ 1,651,300	\$ 293,553	\$ 16,339	\$ 1,961,192
2018	1,709,300	265,190	12,249	1,986,739
2019	1,340,300	235,251	8,012	1,583,563
2020	1,410,300	205,530	6,851	1,622,681
2021	1,190,300	174,070	5,614	1,369,984
2022-2025	4,235,000	368,082	11,871	4,614,953
Total	\$ 11,536,500	\$ 1,541,676	\$ 60,936	\$ 13,139,112

Annual requirements for the \$214,836 other loan payable for the Highlands Business Center project are not included in the schedule since the loan is to be repaid with tax increment revenues only, and there is no defined payment schedule.

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

There is \$10,681,641 available in the debt service funds to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$92, for residents inside Lenoir City, and \$1,487, for residents outside Lenoir City, based on the 2010 federal census.

### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

	Bonds	Notes	Other Loans - City of Loudon
Balance, July 1, 2015	\$ 50,795,000	\$ 329,000	\$ 258,301
Additions	0	0	0
Reductions	(2,705,000)	(37,000)	(43,465)
Balance, June 30, 2016	<u>\$ 48,090,000</u>	<u>\$ 292,000</u>	<u>\$ 214,836</u>
Balance Due Within One Year	<u>\$ 2,775,000</u>	<u>\$ 38,000</u>	<u>\$ 0</u>

	Other Loans - PBA & QZAB	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2015	\$ 13,110,800	\$ 578,845	\$ 4,711,053
Additions	0	539,487	1,100,251
Reductions	(1,574,300)	(555,192)	(212,938)
Balance, June 30, 2016	<u>\$ 11,536,500</u>	<u>\$ 563,140</u>	<u>\$ 5,598,366</u>
Balance Due Within One Year	<u>\$ 1,651,300</u>	<u>\$ 555,192</u>	<u>\$ 0</u>

	Net Pension Liability (Asset)
Balance, July 1, 2015	\$ (287,028)
Additions	1,899,658
Reductions	(1,207,772)
Balance, June 30, 2016	<u>\$ 404,858</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 66,699,700
Less: Balance Due Within One Year	(5,019,492)
Add: Unamortized Premium on Debt	<u>1,830,952</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 63,511,160</u></u>

Compensated absences, other postemployment benefits, and net pension liability 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 Obligations**

Long-term obligations activity for the year ended June 30, 2016, was as follows:

	Other Postemployment Benefits	Net Pension Liability (Assets)	
		Agent Plan	Teacher Legacy Plan
Balance, July 1, 2015	\$ 1,005,181	\$ (206,571)	\$ (77,938)
Additions	467,849	747,470	6,737,474
Reductions	<u>(367,756)</u>	<u>(398,207)</u>	<u>(6,460,527)</u>
Balance, June 30, 2016	<u>\$ 1,105,274</u>	<u>\$ 142,692</u>	<u>\$ 199,009</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 1,446,975
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 1,446,975</u></u>

**I. Pledges of Future Revenues**

**Tax Incremental Revenues Pledged for Retirement of County Debt**

As discussed in Note IV.H., Loudon County has pledged incremental real and personal property tax revenues from the Highland Business Center development toward the retirement of a loan agreement entered into between

the county and the City of Loudon. The principal amount of this outstanding loan at June 30, 2016, was \$214,836.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Loudon County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2016, were \$146,824 and \$33,813, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**K. Internal Financing**

In-lieu-of issuing debt with financial institutions, Loudon County has chosen to internally finance certain projects with idle county funds. During the 2014 fiscal year, the County Commission authorized an internal three-year capital outlay note totaling \$1,300,000 to fund capital expenditures of the General Capital Projects Fund. The General Debt Service Fund borrowed \$1,300,000 from the Education Debt Service Fund and transferred that amount to the General Capital Projects Fund. The General Debt Service Fund repaid the Education Debt Service Fund for that loan over a three-year period. The following table summarizes the transactions for the loan during the 2015-16 year.

	Original Amount of Loan	Interest Rate	Date of Issue	Last Maturity Date
Series 2013 Internal Capital Outlay Note	\$ 1,300,000	.5%	10-4-13	6-1-16
	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-16
Series 2013 Internal Capital Outlay Note	\$ 1,010,000	\$ 0	\$ (1,010,000)	\$ -

## V. OTHER INFORMATION

### A. Risk Management

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

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

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2014-2015	\$28,130	\$360,962	(\$375,582)	\$13,510
2015-2016	13,510	369,757	(360,068)	23,199

The primary government provides health, dental, and vision coverage through commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

Loudon County and the discretely presented Loudon County School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee



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

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

**C. Contingent Liabilities**

Loudon County is contingently liable for a State of Tennessee revolving loan agreement of a joint venture, Tellico Area Services System (TASS). Loudon County would become liable for this loan agreement in the event of default by TASS. As of June 30, 2016, future principal and interest requirements were \$3,043,702 and \$222,854.

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

**D. Change in Administration**

On February 29, 2016, Joan Lovelace left the Office of Purchasing Agent and was succeeded by Susan Huskey.

**E. Joint Ventures**

The 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 Executive 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 Ninth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Ninth Judicial District; Roane, Loudon, Meigs, and Morgan counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors, which includes the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Loudon County made no contributions to the DTF for the year ended June 30, 2016. Complete financial statements for the Ninth Judicial DTF can be obtained through its administrative office at the following address:

Administrative Office:

Office of District Attorney General  
Ninth Judicial District Drug Task Force  
P.O. Box 703  
Kingston, TN 37763

The Loudon County Economic Development Agency, Inc., was designated to function as the Joint Economic and Community Development Board under Public Chapter 1101. 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 \$162,545 in financial support during the 2015-16 year. Financial statements for the agency can be obtained from its administrative office at the following address:

Administrative Office:

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

**F. Jointly Governed Organization**

Blount County, Loudon County, Monroe County, and various city school systems jointly govern the Little Tennessee Valley Educational Cooperative. The cooperative was established pursuant to an agreement between the participating governments and is governed by a board of control consisting of the director of schools of each participating government, one representative appointed by the County Commission or City Council of each participating government, and one member appointed by the Board of Education of each participating government. The cooperative was organized in order to combine resources to provide services for special education programs such as the Birth-to-Three program for handicapped children, a child development program for language and behaviorally delayed older students, and an occupational and physical therapy program, as well as psychological services. The cooperative provides educational services on a contractual basis to the various school systems. The systems may, but are not required to contract for these services.

**G. Retirement Commitments**

**1. Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Loudon County and non-certified employees of the discretely presented Loudon County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 73.94 percent, the non-certified employees of the discretely presented School Department comprised 26.06 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five

years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	224
Inactive Employees Entitled to But Not Yet Receiving Benefits	390
Active Employees	356
Total	<u>970</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Loudon County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for Loudon County was \$1,179,065 based on a rate of 10.37 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Loudon County's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### **Net Pension Liability (Asset)**

Loudon County's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	6.46	33
Developed Market		
International Equity	6.26	17
Emerging Market		
International Equity	6.40	5
Private Equity and		
Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		100

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Loudon County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	\$ 36,434,206	\$ 36,927,805	\$ (493,599)
Changes for the year:			
Service Cost	\$ 1,049,591	\$ 0	\$ 1,049,591
Interest	2,745,456	0	2,745,456
Differences Between Expected and Actual Experience	113,188	0	113,188
Contributions-Employer	0	1,179,065	(1,179,065)
Contributions-Employees	0	569,765	(569,765)
Net Investment Income	0	1,136,952	(1,136,952)
Benefit Payments, Including Refunds of Employee Contributions	(1,755,428)	(1,755,428)	0
Administrative Expense	0	(18,696)	18,696
Other Changes	0	0	0
Net Changes	\$ 2,152,807	\$ 1,111,658	\$ 1,041,149
Balance, June 30, 2015	\$ 38,587,013	\$ 38,039,463	\$ 547,550

### Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	73.94%	\$ 28,531,237	\$ 28,126,379	\$ 404,858
School Department	26.06%	10,055,776	9,913,084	142,692
Total		\$ 38,587,013	\$ 38,039,463	\$ 547,550

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Loudon County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:



	1% Decrease	Current Discount Rate	1% Increase
Loudon County	6.5%	7.5%	8.5%

Net Pension Liability    \$ 5,615,408    \$ 547,550    \$ (3,655,738)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Expense.* For the year ended June 30, 2016, Loudon County recognized pension expense of \$123,517.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, Loudon County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 90,550	\$ 380,689
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,305,348	1,721,710
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	1,210,052	N/A
Total	<u>\$ 2,605,950</u>	<u>\$ 2,102,399</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and  
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,931,858	\$ 1,554,514
School Department	674,092	547,885
Total	<u>\$ 2,605,950</u>	<u>\$ 2,102,399</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (351,824)
2018	(351,824)
2019	(351,824)
2020	348,975
2021	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Discretely Presented Loudon County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Loudon County and non-certified employees of the discretely presented Loudon County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 73.94 percent and the non-certified employees of the discretely presented School Department comprised 26.06 percent of the plan based on contribution data.

## **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Loudon County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls

and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$80,395, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities (Assets).* At June 30, 2016, the Loudon County School Department reported an asset of \$19,152 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Loudon County School Department's proportion of the net pension asset was based on the Loudon County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Loudon County School Department's proportion was .476072 percent.

*Pension Expense.* For the year ended June 30, 2016, the Loudon County School Department recognized pension expense of \$25,099.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Loudon County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 6,234
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,548	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	80,395	N/A
Total	<u>\$ 81,943</u>	<u>\$ 6,234</u>

The Loudon County School Department's employer contributions of \$80,395, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) of net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (132)
2018	(132)
2019	(132)
2020	(132)
2021	(519)
Thereafter	(3,636)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	6.46	%	33	%
Developed Market				
International Equity	6.26		17	
Emerging Market				
International Equity	6.40		5	
Private Equity and				
Strategic Lending	4.61		8	
U.S. Fixed Income	0.98		29	
Real Estate	4.73		7	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Loudon County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Loudon County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 3,396	\$ (19,152)	\$ (35,689)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Loudon County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The



COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Loudon County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$1,583,288, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liability (Assets).* At June 30, 2016, the Loudon County School Department reported a liability of \$199,009 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Loudon County School Department's proportion of the net pension liability (asset) was based on the Loudon County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Loudon County School Department's proportion was .485820 percent. The proportion measured at June 30, 2014, was .479637 percent.

*Negative Pension Expense.* For the year ended June 30, 2016, the Loudon County School Department recognized negative pension expense of \$119,195.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Loudon County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 159,713	\$ 3,097,599
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,593,473	4,878,336
Changes in Proportion of Net Pension Liability (Asset)	244,090	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	1,583,288	N/A
Total	\$ 5,580,564	\$ 7,975,935

The Loudon County School Department's employer contributions of \$1,583,288 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) in net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (1,266,503)
2018	(1,266,503)
2019	(1,266,503)
2020	359,609
2021	(538,759)
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	6.46	%	33	%
Developed Market				
International Equity	6.26		17	
Emerging Market				
International Equity	6.40		5	
Private Equity and				
Strategic Lending	4.61		8	
U.S. Fixed Income	0.98		29	
Real Estate	4.73		7	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Loudon County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Loudon County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability	\$ 13,567,740	\$ 199,009	\$ (10,868,724)
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*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

## 2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the discretely presented Loudon County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401 (k). As part of their employment package, the Loudon County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401 (k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401 (k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Loudon County School Department contributed \$99,022 to the 401 (k) portion of the hybrid pension plan on-behalf of the plan participants.

## 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. During the year ended June 30, 2016, Loudon County contributed \$212,938 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Commercial Plan
ARC	\$ 1,142,305
Interest on the NOPEBO	188,442
Adjustment to the ARC	(230,496)
Annual OPEB cost	\$ 1,100,251
Amount of contribution	(212,938)
Increase/decrease in NOPEBO	\$ 887,313
Net OPEB obligation, 7-1-15	4,711,053
Net OPEB obligation, 6-30-16	<u>\$ 5,598,366</u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Loudon County	\$ 936,451	15.9%	\$ 3,852,979
6-30-15	"	1,047,101	18.1	4,711,053
6-30-16	"	1,100,251	19.4	5,598,366

The funded status of the plan as of July 1, 2014, was as follows:

	Local Government Commercial Plan
Actuarial valuation date	7-1-14
Actuarial accrued liability (AAL)	\$ 8,407,208
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 8,407,208
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 7,916,394
UAAL as a % of covered payroll	106%

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, 2014, 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 by 2018. 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 July 1, 2008.

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

#### **Postemployment Healthcare Plan**

##### Plan Description

The Loudon County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization 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/article/fa-accfin-cafr>.

### 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. During the year ended June 30, 2016, the School Department contributed \$367,756 for postemployment benefits.

### Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	\$ 468,000
Interest on the NOPEBO	37,694
Adjustment to the ARC	(37,845)
Annual OPEB cost	\$ 467,849
Amount of contribution	(367,756)
Increase/decrease in NOPEBO	\$ 100,093
Net OPEB obligation, 7-1-15	1,005,181
Net OPEB obligation, 6-30-16	\$ 1,105,274

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$ 429,935	96	% \$ 924,123
6-30-15	"	444,952	82	1,005,181
6-30-16	"	467,849	79	1,105,274



### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan
Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 4,309,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,309,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 23,743,386
UAAL as a % of covered payroll	18%

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, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. Both rates include a 2.5 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 July 1, 2007. Payroll is assumed to grow at a rate of three percent.

**I. Termination Benefits**

The Loudon County Board of Education offers a retirement incentive to all state licensed personnel who:

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

Retiring personnel who satisfy all the above requirements are eligible for a retirement incentive equal to 25 percent of their annual salary. During the year ended June 30, 2016, the School Department paid \$43,785 to those who participated. There are no further incentive amounts due to individuals who retired prior to June 30, 2016.

**J. 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.

**K. 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. On June 29, 2016, the County Commission elected to increase that amount to \$25,000 effective July 1, 2016.

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## REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit E-1

Loudon County, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015
<b>Total Pension Liability (Asset)</b>		
Service Cost	\$ 1,030,236	\$ 1,049,591
Interest	2,640,126	2,745,456
Differences Between Actual and Expected Experience	(634,481)	113,188
Benefit Payments, Including Refunds of Employee Contributions	(1,546,219)	(1,755,428)
Net Change in Total Pension Liability (Asset)	\$ 1,489,662	\$ 2,152,807
Total Pension Liability (Asset), Beginning	34,944,544	36,434,206
Total Pension Liability (Asset), Ending (a)	\$ 36,434,206	\$ 38,587,013
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 1,164,019	\$ 1,179,065
Contributions - Employee	572,872	569,765
Net Investment Income	5,239,536	1,136,952
Benefit Payments, Including Refunds of Employee Contributions	(1,546,219)	(1,755,428)
Administrative Expense	(14,675)	(18,696)
Net Change in Plan Fiduciary Net Position	\$ 5,415,533	\$ 1,111,658
Plan Fiduciary Net Position, Beginning	31,512,272	36,927,805
Plan Fiduciary Net Position, Ending (b)	\$ 36,927,805	\$ 38,039,463
Net Pension Liability (Asset), Ending (a - b)	\$ (493,599)	\$ 547,550
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.35%	98.58%
Covered Payroll	\$ 11,217,514	\$ 11,373,353
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(4.40%)	4.81%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and  
non-certified employees of the discretely presented School Department.

Exhibit E-2

Loudon County, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015	2016
Actuarially Determined Contribution	\$ 1,164,019	\$ 1,179,065	\$ 1,210,052
Less Contributions in Relation to the Actuarially Determined Contribution	(1,164,019)	(1,179,065)	(1,210,052)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 11,217,514	\$ 11,373,353	11,652,706
Contributions as a Percentage of Covered Payroll	10.38%	10.37%	10.38%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit E-3

Loudon County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
Discretely Presented Loudon County School Department  
For the Fiscal Year Ended June 30

	2015	2016
Contractually Required Contribution	\$ 24,729	\$ 50,216
Less Contributions in Relation to the Contractually Determined Contribution	(39,566)	(80,395)
Contribution Deficiency (Excess)	<u>\$ (14,837)</u>	<u>\$ (30,180)</u>
Covered Payroll	\$ 989,143	\$ 2,008,620
Contributions as a Percentage of Covered Payroll	4.00%	4.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Loudon County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Loudon County School Department  
For the Fiscal Year Ended June 30

	2014	2015	2016
Contractually Required Contribution	\$ 1,671,722	\$ 1,644,078	\$ 1,583,288
Less Contributions in Relation to the Contractually Determined Contribution	(1,671,722)	(1,644,078)	(1,583,288)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 18,825,699	\$ 18,186,701	\$ 17,514,263
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%

Note: ten years of data will be presented when available.

Exhibit E-5

Loudon County, Tennessee  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
in the Teacher Pension Plan of TCRS  
Discretely Presented Loudon County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.476072%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (19,152)
Covered Payroll	\$ 989,143
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.



Exhibit E-6

Loudon County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Loudon County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.479637%	0.485820%
School Department's Proportionate Share of the Net Pension Asset	\$ 77,939	\$ 199,009
Covered Payroll	\$ 18,825,699	\$ 18,186,701
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(0.41%)	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-7

Loudon County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Loudon County School Department  
June 30, 2016

(Dollar amounts in thousands)

Primary Government

Plan	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Government Commercial	7-1-10	\$ 0	\$ 4,846	4,846	0 %	\$ 7,101	68.2 %
"	7-1-12	0	7,147	7,147	0	7,367	97.0
"	7-1-14	0	8,407	8,407	0	7,916	106.2

Discretely Presented Loudon  
County School Department

Plan	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-11	\$ 0	\$ 5,124	\$ 5,124	0 %	\$ 22,065	23.22 %
"	7-1-13	0	4,074	4,074	0	21,955	18.56
"	7-1-15	0	4,309	4,309	0	23,743	18.15

**LOUDON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2016**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	5 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for 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.

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Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation.

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 of deeds, and sheriff.

## Debt Service Funds

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

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

## Capital Projects Funds

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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.

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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.

Exhibit F-1

Loudon County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016

Special Revenue Funds						
	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 250	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	375,952	15,832	191,409	558,822	72,659	179,142
Accounts Receivable	0	0	189	10,017	0	0
Due from Other Governments	0	0	0	91,349	0	0
Due from Other Funds	0	0	0	0	0	0
Property Taxes Receivable	0	0	255,471	0	0	0
Allowance for Uncollectible Property Taxes	0	0	(5,638)	0	0	0
Prepaid Items	0	0	6,343	682	0	479
Other Current Assets	0	0	5,398	8,809	0	0
Total Assets	<u>\$ 375,952</u>	<u>\$ 15,832</u>	<u>\$ 453,422</u>	<u>\$ 669,679</u>	<u>\$ 72,659</u>	<u>\$ 179,621</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 885	\$ 8,081	\$ 600	\$ 801
Accrued Payroll	0	0	10,559	16,425	0	0
Payroll Deductions Payable	0	0	1,545	409	0	0
Due to Other Funds	0	0	0	776	0	0
Due to Litigants, Heirs, and Others	0	0	0	0	0	14,780
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,989</u>	<u>\$ 25,691</u>	<u>\$ 600</u>	<u>\$ 15,581</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 245,420	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit F-1

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

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
DEFERRED INFLOWS OF RESOURCES (Cont.)						
Deferred Delinquent Property Taxes	\$ 0	\$ 0	\$ 3,967	\$ 0	\$ 0	\$ 0
Other Deferred/Unavailable Revenue	0	0	0	29,876	0	0
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 249,387	\$ 29,876	\$ 0	\$ 0
FUND BALANCES						
Nonspendable:						
Prepaid Items	\$ 0	\$ 0	\$ 6,343	\$ 682	\$ 0	\$ 479
Restricted:						
Restricted for Administration of Justice	0	15,832	0	0	0	0
Restricted for Public Safety	375,952	0	0	0	0	163,561
Restricted for Social, Cultural, and Recreational Services	0	0	184,703	0	0	0
Restricted for Debt Service	0	0	0	0	0	0
Restricted for Capital Projects	0	0	0	0	0	0
Committed:						
Committed for Public Health and Welfare	0	0	0	613,430	0	0
Committed for Other Operations	0	0	0	0	72,059	0
Committed for Debt Service	0	0	0	0	0	0
Total Fund Balances	\$ 375,952	\$ 15,832	\$ 191,046	\$ 614,112	\$ 72,059	\$ 164,040
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 375,952	\$ 15,832	\$ 453,422	\$ 669,679	\$ 72,659	\$ 179,621

(Continued)



Exhibit F-1

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

	Special Revenue Funds (Cont.)			Debt Service Fund	Capital Projects Funds
	Other Special Revenue	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 0	\$ 10,089	\$ 10,339	\$ 0	\$ 0
Equity in Pooled Cash and Investments	50,221	0	1,444,037	1,636,490	693,262
Accounts Receivable	0	205	10,411	58,605	0
Due from Other Governments	0	0	91,349	0	31,697
Due from Other Funds	0	0	0	78,446	0
Property Taxes Receivable	0	0	255,471	1,355,963	196,516
Allowance for Uncollectible Property Taxes	0	0	(5,638)	(29,924)	(4,337)
Prepaid Items	0	0	7,504	0	0
Other Current Assets	0	0	14,207	0	0
Total Assets	\$ 50,221	\$ 10,294	\$ 1,827,680	\$ 3,099,580	\$ 917,138
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 10,367	\$ 0	\$ 0
Accrued Payroll	0	0	26,984	0	0
Payroll Deductions Payable	0	0	1,954	0	0
Due to Other Funds	0	10,294	11,070	0	0
Due to Litigants, Heirs, and Others	0	0	14,780	0	0
Total Liabilities	\$ 0	\$ 10,294	\$ 65,155	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 245,420	\$ 1,302,615	\$ 188,784

(Continued)

Exhibit F-1

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

	Special Revenue Funds (Cont.)			Debt Service Fund	Capital Projects Funds
	Other Special Revenue	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects
DEFERRED INFLOWS OF RESOURCES (Cont.)					
Deferred Delinquent Property Taxes	\$ 0	\$ 0	\$ 3,967	\$ 21,055	\$ 3,052
Other Deferred/Unavailable Revenue	0	0	29,876	0	14,915
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 279,263	\$ 1,323,670	\$ 206,751
FUND BALANCES					
Nonspendable:					
Prepaid Items	\$ 0	\$ 0	\$ 7,504	\$ 0	\$ 0
Restricted:					
Restricted for Administration of Justice	0	0	15,832	0	0
Restricted for Public Safety	50,221	0	589,734	0	0
Restricted for Social, Cultural, and Recreational Services	0	0	184,703	0	0
Restricted for Debt Service	0	0	0	1,744,735	0
Restricted for Capital Projects	0	0	0	0	710,387
Committed:					
Committed for Public Health and Welfare	0	0	613,430	0	0
Committed for Other Operations	0	0	72,059	0	0
Committed for Debt Service	0	0	0	31,175	0
Total Fund Balances	\$ 50,221	\$ 0	\$ 1,483,262	\$ 1,775,910	\$ 710,387
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 50,221	\$ 10,294	\$ 1,827,680	\$ 3,099,580	\$ 917,138

(Continued)

Exhibit F-1

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

ASSETS

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

LIABILITIES

Accounts Payable  
Accrued Payroll  
Payroll Deductions Payable  
Due to Other Funds  
Due to Litigants, Heirs, and Others  
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes

<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
Highway Capital Projects	Total		
\$ 0	\$ 0	\$	10,339
104,574	797,836		3,878,363
0	0		69,016
0	31,697		123,046
0	0		78,446
338,008	534,524		2,145,958
(7,460)	(11,797)		(47,359)
0	0		7,504
0	0		14,207
<hr/>			
\$ 435,122	\$ 1,352,260	\$	6,279,520
<hr/>			
\$ 0	\$ 0	\$	10,367
0	0		26,984
0	0		1,954
0	0		11,070
0	0		14,780
<hr/>			
\$ 0	\$ 0	\$	65,155
<hr/>			
\$ 324,709	\$ 513,493	\$	2,061,528

(Continued)

Exhibit F-1

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

DEFERRED INFLOWS OF RESOURCES (Cont.)

Deferred Delinquent Property Taxes  
Other Deferred/Unavailable Revenue  
Total Deferred Inflows of Resources

FUND BALANCES

Nonspendable:

Prepaid Items

Restricted:

Restricted for Administration of Justice  
Restricted for Public Safety  
Restricted for Social, Cultural, and Recreational Services  
Restricted for Debt Service  
Restricted for Capital Projects

Committed:

Committed for Public Health and Welfare  
Committed for Other Operations  
Committed for Debt Service

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Capital Projects Funds (Cont.)

		Total Nonmajor Governmental Funds	
Highway Capital Projects	Total		
\$ 5,248	\$ 8,300	\$	33,322
0	14,915		44,791
\$ 329,957	\$ 536,708	\$	2,139,641
\$ 0	\$ 0	\$	7,504
0	0		15,832
0	0		589,734
0	0		184,703
0	0		1,744,735
105,165	815,552		815,552
0	0		613,430
0	0		72,059
0	0		31,175
\$ 105,165	\$ 815,552	\$	4,074,724
\$ 435,122	\$ 1,352,260	\$	6,279,520

Exhibit F-2

Loudon County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2016

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>Revenues</u>						
Local Taxes	\$ 123,211	\$ 4,983	\$ 229,964	\$ 359,098	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	0	111,498
Charges for Current Services	0	0	10,471	0	0	1
Other Local Revenues	0	0	2,605	95,752	13,381	53,534
State of Tennessee	0	0	0	86,550	0	0
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	31,911	0	0	0
Total Revenues	<u>\$ 123,211</u>	<u>\$ 4,983</u>	<u>\$ 274,951</u>	<u>\$ 541,400</u>	<u>\$ 13,381</u>	<u>\$ 165,033</u>
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Administration of Justice	0	0	0	0	0	0
Public Safety	16,000	0	0	0	0	106,312
Public Health and Welfare	0	0	0	780,981	0	0
Social, Cultural, and Recreational Services	0	2,863	293,074	0	0	0
Other Operations	1,269	51	4,517	3,882	5,554	0
Debt Service:						
Principal on Debt	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0
Capital Projects	60,362	0	0	0	0	0
Total Expenditures	<u>\$ 77,631</u>	<u>\$ 2,914</u>	<u>\$ 297,591</u>	<u>\$ 784,863</u>	<u>\$ 5,554</u>	<u>\$ 106,312</u>

(Continued)

Exhibit F-2

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

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
Excess (Deficiency) of Revenues Over Expenditures	\$ 45,580	\$ 2,069	\$ (22,640)	\$ (243,463)	\$ 7,827	\$ 58,721
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 2,212	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 2,212	\$ 0	\$ 0
Net Change in Fund Balances	\$ 45,580	\$ 2,069	\$ (22,640)	\$ (241,251)	\$ 7,827	\$ 58,721
Fund Balance, July 1, 2015	330,372	13,763	213,686	855,363	64,232	105,319
Fund Balance, June 30, 2016	\$ 375,952	\$ 15,832	\$ 191,046	\$ 614,112	\$ 72,059	\$ 164,040

(Continued)

Exhibit F-2

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

	Special Revenue Funds (Cont.)			Debt Service Fund	Capital Projects Funds
	Other Special Revenue	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 717,256	\$ 1,265,674	\$ 356,401
Fines, Forfeitures, and Penalties	0	0	111,498	0	0
Charges for Current Services	0	14,533	25,005	0	0
Other Local Revenues	0	0	165,272	33,646	1,610
State of Tennessee	0	0	86,550	0	0
Federal Government	4,695	0	4,695	0	354,904
Other Governments and Citizens Groups	0	0	31,911	234,420	0
Total Revenues	\$ 4,695	\$ 14,533	\$ 1,142,187	\$ 1,533,740	\$ 712,915
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 7,769	\$ 7,769	\$ 0	\$ 0
Administration of Justice	0	6,764	6,764	0	0
Public Safety	6,936	0	129,248	0	0
Public Health and Welfare	0	0	780,981	0	0
Social, Cultural, and Recreational Services	0	0	295,937	0	0
Other Operations	0	0	15,273	0	3,472
Debt Service:					
Principal on Debt	0	0	0	1,121,000	0
Interest on Debt	0	0	0	122,162	0
Other Debt Service	0	0	0	261,600	0
Capital Projects	0	0	60,362	0	1,140,982
Total Expenditures	\$ 6,936	\$ 14,533	\$ 1,296,334	\$ 1,504,762	\$ 1,144,454

(Continued)

Exhibit F-2

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

	Special Revenue Funds (Cont.)			Debt Service Fund	Capital Projects Funds
	Other Special Revenue	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,241)	\$ 0	\$ (154,147)	\$ 28,978	\$ (431,539)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 0	\$ 2,212	\$ 0	\$ 0
Transfers In	0	0	0	79,965	0
Transfers Out	0	0	0	0	(100,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 2,212	\$ 79,965	\$ (100,000)
Net Change in Fund Balances	\$ (2,241)	\$ 0	\$ (151,935)	\$ 108,943	\$ (531,539)
Fund Balance, July 1, 2015	52,462	0	1,635,197	1,666,967	1,241,926
Fund Balance, June 30, 2016	\$ 50,221	\$ 0	\$ 1,483,262	\$ 1,775,910	\$ 710,387

(Continued)



Exhibit F-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 304,041	\$ 660,442	\$ 2,643,372
Fines, Forfeitures, and Penalties	0	0	111,498
Charges for Current Services	0	0	25,005
Other Local Revenues	0	1,610	200,528
State of Tennessee	0	0	86,550
Federal Government	0	354,904	359,599
Other Governments and Citizens Groups	0	0	266,331
Total Revenues	<u>\$ 304,041</u>	<u>\$ 1,016,956</u>	<u>\$ 3,692,883</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 0	\$ 7,769
Administration of Justice	0	0	6,764
Public Safety	0	0	129,248
Public Health and Welfare	0	0	780,981
Social, Cultural, and Recreational Services	0	0	295,937
Other Operations	0	3,472	18,745
Debt Service:			
Principal on Debt	0	0	1,121,000
Interest on Debt	0	0	122,162
Other Debt Service	0	0	261,600
Capital Projects	438,417	1,579,399	1,639,761
Total Expenditures	<u>\$ 438,417</u>	<u>\$ 1,582,871</u>	<u>\$ 4,383,967</u>

(Continued)

Exhibit F-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	
Excess (Deficiency) of Revenues Over Expenditures	\$ (134,376)	\$ (565,915)	\$ (691,084)
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 0	\$ 2,212
Transfers In	0	0	79,965
Transfers Out	0	(100,000)	(100,000)
Total Other Financing Sources (Uses)	\$ 0	\$ (100,000)	\$ (17,823)
Net Change in Fund Balances	\$ (134,376)	\$ (665,915)	\$ (708,907)
Fund Balance, July 1, 2015	239,541	1,481,467	4,783,631
Fund Balance, June 30, 2016	\$ 105,165	\$ 815,552	\$ 4,074,724

Exhibit F-3

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 123,211	\$ 0	\$ 123,211	\$ 100,000	\$ 100,000	\$ 23,211
Total Revenues	\$ 123,211	\$ 0	\$ 123,211	\$ 100,000	\$ 100,000	\$ 23,211
<u>Expenditures</u>						
<u>Public Safety</u>						
Jail	\$ 16,000	\$ (16,000)	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Operations</u>						
Miscellaneous	1,269	0	1,269	2,000	2,000	731
<u>Capital Projects</u>						
Public Safety Projects	60,362	0	60,362	0	60,362	0
Total Expenditures	\$ 77,631	\$ (16,000)	\$ 61,631	\$ 2,000	\$ 62,362	\$ 731
Excess (Deficiency) of Revenues Over Expenditures	\$ 45,580	\$ 16,000	\$ 61,580	\$ 98,000	\$ 37,638	\$ 23,942
Net Change in Fund Balance	\$ 45,580	\$ 16,000	\$ 61,580	\$ 98,000	\$ 37,638	\$ 23,942
Fund Balance, July 1, 2015	330,372	(16,000)	314,372	312,563	312,563	1,809
Fund Balance, June 30, 2016	\$ 375,952	\$ 0	\$ 375,952	\$ 410,563	\$ 350,201	\$ 25,751

Exhibit F-4

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Law Library Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,983	\$ 0	\$ 4,983	\$ 4,500	\$ 4,500	\$ 483
Total Revenues	\$ 4,983	\$ 0	\$ 4,983	\$ 4,500	\$ 4,500	\$ 483
<u>Expenditures</u>						
<u>Social, Cultural, and Recreational Services</u>						
Libraries	\$ 2,863	\$ (197)	\$ 2,666	\$ 4,500	\$ 4,500	\$ 1,834
<u>Other Operations</u>						
Miscellaneous	51	0	51	150	150	99
Total Expenditures	\$ 2,914	\$ (197)	\$ 2,717	\$ 4,650	\$ 4,650	\$ 1,933
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,069	\$ 197	\$ 2,266	\$ (150)	\$ (150)	\$ 2,416
Net Change in Fund Balance	\$ 2,069	\$ 197	\$ 2,266	\$ (150)	\$ (150)	\$ 2,416
Fund Balance, July 1, 2015	13,763	(197)	13,566	11,331	11,331	2,235
Fund Balance, June 30, 2016	\$ 15,832	\$ 0	\$ 15,832	\$ 11,181	\$ 11,181	\$ 4,651

Exhibit F-5

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 229,964	\$ 0	\$ 0	\$ 229,964	\$ 223,107	\$ 223,107	\$ 6,857
Charges for Current Services	10,471	0	0	10,471	9,820	10,375	96
Other Local Revenues	2,605	0	0	2,605	1,381	2,741	(136)
Other Governments and Citizens Groups	31,911	0	0	31,911	34,715	31,841	70
Total Revenues	\$ 274,951	\$ 0	\$ 0	\$ 274,951	\$ 269,023	\$ 268,064	\$ 6,887
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Libraries	\$ 293,074	\$ (931)	\$ 5,693	\$ 297,836	\$ 322,818	\$ 331,481	\$ 33,645
<u>Other Operations</u>							
Miscellaneous	4,517	0	0	4,517	6,500	6,500	1,983
Total Expenditures	\$ 297,591	\$ (931)	\$ 5,693	\$ 302,353	\$ 329,318	\$ 337,981	\$ 35,628
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,640)	\$ 931	\$ (5,693)	\$ (27,402)	\$ (60,295)	\$ (69,917)	\$ 42,515
Net Change in Fund Balance	\$ (22,640)	\$ 931	\$ (5,693)	\$ (27,402)	\$ (60,295)	\$ (69,917)	\$ 42,515
Fund Balance, July 1, 2015	213,686	(931)	0	212,755	149,402	149,402	63,353
Fund Balance, June 30, 2016	\$ 191,046	\$ 0	\$ (5,693)	\$ 185,353	\$ 89,107	\$ 79,485	\$ 105,868

Exhibit F-6

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 359,098	\$ 0	\$ 0	\$ 359,098	\$ 316,635	\$ 316,635	\$ 42,463
Other Local Revenues	95,752	0	0	95,752	100,479	100,934	(5,182)
State of Tennessee	86,550	0	0	86,550	40,600	107,756	(21,206)
Total Revenues	\$ 541,400	\$ 0	\$ 0	\$ 541,400	\$ 457,714	\$ 525,325	\$ 16,075
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 40,280	\$ (3,810)	\$ 2,490	\$ 38,960	\$ 40,600	\$ 40,600	\$ 1,640
Convenience Centers	718,146	(22,777)	7,070	702,439	717,566	787,864	85,425
Other Waste Collection	22,555	0	0	22,555	0	50,000	27,445
<u>Other Operations</u>							
Miscellaneous	3,882	0	0	3,882	5,000	5,000	1,118
Total Expenditures	\$ 784,863	\$ (26,587)	\$ 9,560	\$ 767,836	\$ 763,166	\$ 883,464	\$ 115,628
Excess (Deficiency) of Revenues Over Expenditures	\$ (243,463)	\$ 26,587	\$ (9,560)	\$ (226,436)	\$ (305,452)	\$ (358,139)	\$ 131,703
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,212	\$ 0	\$ 0	\$ 2,212	\$ 0	\$ 2,213	\$ (1)
Total Other Financing Sources	\$ 2,212	\$ 0	\$ 0	\$ 2,212	\$ 0	\$ 2,213	\$ (1)
Net Change in Fund Balance	\$ (241,251)	\$ 26,587	\$ (9,560)	\$ (224,224)	\$ (305,452)	\$ (355,926)	\$ 131,702
Fund Balance, July 1, 2015	855,363	(26,587)	0	828,776	657,003	657,003	171,773
Fund Balance, June 30, 2016	\$ 614,112	\$ 0	\$ (9,560)	\$ 604,552	\$ 351,551	\$ 301,077	\$ 303,475

## Exhibit F-7

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 13,381	\$ 15,000	\$ 15,000	\$ (1,619)
Total Revenues	\$ 13,381	\$ 15,000	\$ 15,000	\$ (1,619)
<u>Expenditures</u>				
Other Operations				
Industrial Development	\$ 5,400	\$ 7,500	\$ 7,500	\$ 2,100
Miscellaneous	154	300	300	146
Total Expenditures	\$ 5,554	\$ 7,800	\$ 7,800	\$ 2,246
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,827	\$ 7,200	\$ 7,200	\$ 627
Net Change in Fund Balance	\$ 7,827	\$ 7,200	\$ 7,200	\$ 627
Fund Balance, July 1, 2015	64,232	65,140	65,140	(908)
Fund Balance, June 30, 2016	\$ 72,059	\$ 72,340	\$ 72,340	\$ (281)

Exhibit F-8

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 111,498	\$ 0	\$ 0	\$ 111,498	\$ 92,000	\$ 90,000	\$ 21,498
Charges for Current Services	1	0	0	1	0	0	1
Other Local Revenues	53,534	0	0	53,534	30,000	52,000	1,534
Federal Government	0	0	0	0	37,250	0	0
Total Revenues	\$ 165,033	\$ 0	\$ 0	\$ 165,033	\$ 159,250	\$ 142,000	\$ 23,033
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 106,312	\$ (1,936)	\$ 47,886	\$ 152,262	\$ 229,900	\$ 190,568	\$ 38,306
Total Expenditures	\$ 106,312	\$ (1,936)	\$ 47,886	\$ 152,262	\$ 229,900	\$ 190,568	\$ 38,306
Excess (Deficiency) of Revenues Over Expenditures	\$ 58,721	\$ 1,936	\$ (47,886)	\$ 12,771	\$ (70,650)	\$ (48,568)	\$ 61,339
Net Change in Fund Balance	\$ 58,721	\$ 1,936	\$ (47,886)	\$ 12,771	\$ (70,650)	\$ (48,568)	\$ 61,339
Fund Balance, July 1, 2015	105,319	(1,936)	0	103,383	90,241	90,241	13,142
Fund Balance, June 30, 2016	\$ 164,040	\$ 0	\$ (47,886)	\$ 116,154	\$ 19,591	\$ 41,673	\$ 74,481



Exhibit F-9

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, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 12,000	\$ 0	\$ 0
Federal Government	4,695	0	4,695	0	12,000	(7,305)
Total Revenues	\$ 4,695	\$ 0	\$ 4,695	\$ 12,000	\$ 12,000	\$ (7,305)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 6,936	\$ 46,568	\$ 53,504	\$ 11,000	\$ 54,850	\$ 1,346
Total Expenditures	\$ 6,936	\$ 46,568	\$ 53,504	\$ 11,000	\$ 54,850	\$ 1,346
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,241)	\$ (46,568)	\$ (48,809)	\$ 1,000	\$ (42,850)	\$ (5,959)
Net Change in Fund Balance	\$ (2,241)	\$ (46,568)	\$ (48,809)	\$ 1,000	\$ (42,850)	\$ (5,959)
Fund Balance, July 1, 2015	52,462	0	52,462	53,010	53,010	(548)
Fund Balance, June 30, 2016	\$ 50,221	\$ (46,568)	\$ 3,653	\$ 54,010	\$ 10,160	\$ (6,507)

## Exhibit F-10

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,265,674	\$ 1,223,406	\$ 1,223,406	\$ 42,268
Other Local Revenues	33,646	30,000	30,000	3,646
Other Governments and Citizens Groups	234,420	234,420	234,420	0
Total Revenues	<u>\$ 1,533,740</u>	<u>\$ 1,487,826</u>	<u>\$ 1,487,826</u>	<u>\$ 45,914</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,121,000	\$ 1,121,000	\$ 1,121,000	\$ 0
<u>Interest on Debt</u>				
General Government	122,162	221,171	221,171	99,009
<u>Other Debt Service</u>				
General Government	261,600	271,920	271,920	10,320
Total Expenditures	<u>\$ 1,504,762</u>	<u>\$ 1,614,091</u>	<u>\$ 1,614,091</u>	<u>\$ 109,329</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,978</u>	<u>\$ (126,265)</u>	<u>\$ (126,265)</u>	<u>\$ 155,243</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 79,965	\$ 89,516	\$ 89,516	\$ (9,551)
Total Other Financing Sources	<u>\$ 79,965</u>	<u>\$ 89,516</u>	<u>\$ 89,516</u>	<u>\$ (9,551)</u>
Net Change in Fund Balance	\$ 108,943	\$ (36,749)	\$ (36,749)	\$ 145,692
Fund Balance, July 1, 2015	1,666,967	1,489,947	1,489,947	177,020
Fund Balance, June 30, 2016	<u><u>\$ 1,775,910</u></u>	<u><u>\$ 1,453,198</u></u>	<u><u>\$ 1,453,198</u></u>	<u><u>\$ 322,712</u></u>

Exhibit F-11

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 356,401	\$ 0	\$ 0	\$ 356,401	\$ 325,863	\$ 325,863	\$ 30,538
Other Local Revenues	1,610	0	0	1,610	1,000	1,000	610
Federal Government	354,904	0	0	354,904	0	577,485	(222,581)
Total Revenues	\$ 712,915	\$ 0	\$ 0	\$ 712,915	\$ 326,863	\$ 904,348	\$ (191,433)
<u>Expenditures</u>							
<u>Other Operations</u>							
Miscellaneous	\$ 3,472	\$ 0	\$ 0	\$ 3,472	\$ 9,500	\$ 9,500	\$ 6,028
<u>Capital Projects</u>							
General Administration Projects	374,275	(57,062)	0	317,213	37,000	341,800	24,587
Public Safety Projects	331,644	(360)	0	331,284	160,000	333,400	2,116
Public Health and Welfare Projects	29,949	0	0	29,949	30,000	30,000	51
Social, Cultural, and Recreation Projects	81,300	(81,300)	0	0	0	0	0
Agriculture and Natural Resources Projects	2,500	(2,500)	0	0	0	0	0
Public Utility Projects	293,132	(456,944)	163,812	0	0	0	0
Other General Government Projects	26,702	(26,702)	0	0	0	0	0
Highway and Street Capital Projects	1,480	(8,082)	6,725	123	0	65,378	65,255
Total Expenditures	\$ 1,144,454	\$ (632,950)	\$ 170,537	\$ 682,041	\$ 236,500	\$ 780,078	\$ 98,037
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (431,539)	\$ 632,950	\$ (170,537)	\$ 30,874	\$ 90,363	\$ 124,270	\$ (93,396)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (100,000)	\$ 0	\$ 0	\$ (100,000)	\$ 0	\$ (100,000)	\$ 0
Total Other Financing Sources	\$ (100,000)	\$ 0	\$ 0	\$ (100,000)	\$ 0	\$ (100,000)	\$ 0
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2015	\$ (531,539)	\$ 632,950	\$ (170,537)	\$ (69,126)	\$ 90,363	\$ 24,270	\$ (93,396)
	1,241,926	(632,950)	0	608,976	453,150	453,150	155,826
Fund Balance, June 30, 2016	\$ 710,387	\$ 0	\$ (170,537)	\$ 539,850	\$ 543,513	\$ 477,420	\$ 62,430

Exhibit F-12

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, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 304,041	\$ 0	\$ 304,041	\$ 295,289	\$ 295,289	\$ 8,752
Total Revenues	\$ 304,041	\$ 0	\$ 304,041	\$ 295,289	\$ 295,289	\$ 8,752
<u>Expenditures</u>						
<u>Capital Projects</u>						
Highway and Street Capital Projects	\$ 438,417	\$ 600	\$ 439,017	\$ 442,158	\$ 442,158	\$ 3,141
Total Expenditures	\$ 438,417	\$ 600	\$ 439,017	\$ 442,158	\$ 442,158	\$ 3,141
Excess (Deficiency) of Revenues Over Expenditures	\$ (134,376)	\$ (600)	\$ (134,976)	\$ (146,869)	\$ (146,869)	\$ 11,893
Net Change in Fund Balance	\$ (134,376)	\$ (600)	\$ (134,976)	\$ (146,869)	\$ (146,869)	\$ 11,893
Fund Balance, July 1, 2015	239,541	0	239,541	246,869	246,869	(7,328)
Fund Balance, June 30, 2016	\$ 105,165	\$ (600)	\$ 104,565	\$ 100,000	\$ 100,000	\$ 4,565

# **Major Governmental Funds**

## **Education Debt Service Fund**

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

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## Exhibit G-1

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,932,337	\$ 4,721,460	\$ 4,721,460	\$ 210,877
Other Local Revenues	180,039	125,000	188,809	(8,770)
Total Revenues	<u>\$ 5,112,376</u>	<u>\$ 4,846,460</u>	<u>\$ 4,910,269</u>	<u>\$ 202,107</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 3,195,300	\$ 3,195,000	\$ 3,258,809	\$ 63,509
<u>Interest on Debt</u>				
Education	1,841,003	1,930,750	1,930,750	89,747
<u>Other Debt Service</u>				
Education	99,497	130,000	130,000	30,503
Total Expenditures	<u>\$ 5,135,800</u>	<u>\$ 5,255,750</u>	<u>\$ 5,319,559</u>	<u>\$ 183,759</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,424)</u>	<u>\$ (409,290)</u>	<u>\$ (409,290)</u>	<u>\$ 385,866</u>
Net Change in Fund Balance	\$ (23,424)	\$ (409,290)	\$ (409,290)	\$ 385,866
Fund Balance, July 1, 2015	8,929,155	8,711,687	8,711,687	217,468
Fund Balance, June 30, 2016	<u><u>\$ 8,905,731</u></u>	<u><u>\$ 8,302,397</u></u>	<u><u>\$ 8,302,397</u></u>	<u><u>\$ 603,334</u></u>

# Fiduciary Funds

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

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

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

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

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

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

Exhibit H-1

Loudon County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2016

	Agency Funds				
	Cities - Sales Tax	City School ADA - Lenoir City	Constitu- tional Officers - Agency	Other Agency	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 511,521	\$ 0	\$ 511,521
Equity in Pooled Cash and Investments	0	208,973	0	3,214,658	3,423,631
Accounts Receivable	0	0	0	25,856	25,856
Due from Other Governments	786,302	336,456	0	0	1,122,758
Taxes Receivable	0	6,126,653	0	0	6,126,653
Allowance for Uncollectible Taxes	0	(135,205)	0	0	(135,205)
Total Assets	<u>\$ 786,302</u>	<u>\$ 6,536,877</u>	<u>\$ 511,521</u>	<u>\$ 3,240,514</u>	<u>\$ 11,075,214</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 31,853	\$ 31,853
Due to Other Taxing Units	786,302	6,536,877	0	0	7,323,179
Due to Litigants, Heirs, and Others	0	0	0 511,521	0	511,521
Due to Joint Ventures	0	0	0	3,208,661	3,208,661
Total Liabilities	<u>\$ 786,302</u>	<u>\$ 6,536,877</u>	<u>\$ 511,521</u>	<u>\$ 3,240,514</u>	<u>\$ 11,075,214</u>



## Exhibit H-2

Loudon County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,450,406	\$ 4,450,406	\$ 0
Due from Other Governments	736,205	786,302	736,205	786,302
Total Assets	\$ 736,205	\$ 5,236,708	\$ 5,186,611	\$ 786,302
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 736,205	\$ 5,236,708	\$ 5,186,611	\$ 786,302
Total Liabilities	\$ 736,205	\$ 5,236,708	\$ 5,186,611	\$ 786,302
<u>City School ADA - Lenoir City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 224,232	\$ 7,640,234	\$ 7,655,493	\$ 208,973
Due from Other Governments	318,211	336,456	318,211	336,456
Taxes Receivable	5,594,469	6,126,653	5,594,469	6,126,653
Allowance for Uncollectible Taxes	(142,336)	(135,205)	(142,336)	(135,205)
Total Assets	\$ 5,994,576	\$ 13,968,138	\$ 13,425,837	\$ 6,536,877
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,994,576	\$ 13,968,138	\$ 13,425,837	\$ 6,536,877
Total Liabilities	\$ 5,994,576	\$ 13,968,138	\$ 13,425,837	\$ 6,536,877
<u>Center Board</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 152,253	\$ 152,253	\$ 0
Accounts Receivable	0	0	0	0
Due from Other Governments	0	0	0	0
Total Assets	\$ 0	\$ 152,253	\$ 152,253	\$ 0
<u>Liabilities</u>				
Accounts Payable	\$ 0	0	0	0
Due to Joint Ventures	0	\$ 152,253	152,253	0
Total Liabilities	\$ 0	\$ 152,253	\$ 152,253	\$ 0

(Continued)

## Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 621,667	\$ 9,104,431	\$ 9,214,577	\$ 511,521
Total Assets	\$ 621,667	\$ 9,104,431	\$ 9,214,577	\$ 511,521
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 621,667	\$ 9,104,431	\$ 9,214,577	\$ 511,521
Total Liabilities	\$ 621,667	\$ 9,104,431	\$ 9,214,577	\$ 511,521
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,034,030	\$ 317,772	\$ 137,144	\$ 3,214,658
Accounts Receivable	564	25,856	564	25,856
Total Assets	\$ 3,034,594	\$ 343,628	\$ 137,708	\$ 3,240,514
<u>Liabilities</u>				
Due to Joint Ventures	\$ 3,029,276	\$ 311,775	\$ 132,390	\$ 3,208,661
Accounts Payable	5,318	31,853	5,318	31,853
Total Liabilities	\$ 3,034,594	\$ 343,628	\$ 137,708	\$ 3,240,514
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 621,667	\$ 9,104,431	\$ 9,214,577	\$ 511,521
Equity in Pooled Cash and Investments	3,258,262	12,560,665	12,395,296	3,423,631
Accounts Receivable	564	25,856	564	25,856
Due from Other Governments	1,054,416	1,122,758	1,054,416	1,122,758
Taxes Receivable	5,594,469	6,126,653	5,594,469	6,126,653
Allowance for Uncollectible Taxes	(142,336)	(135,205)	(142,336)	(135,205)
Total Assets	\$ 10,387,042	\$ 28,805,158	\$ 28,116,986	\$ 11,075,214
<u>Liabilities</u>				
Accounts Payable	\$ 5,318	\$ 31,853	\$ 5,318	\$ 31,853
Due to Other Taxing Units	6,730,781	19,204,846	18,612,448	7,323,179
Due to Litigants, Heirs, and Others	621,667	9,104,431	9,214,577	511,521
Due to Joint Venture	3,029,276	464,028	284,643	3,208,661
Total Liabilities	\$ 10,387,042	\$ 28,805,158	\$ 28,116,986	\$ 11,075,214

# Loudon County School Department

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

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

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

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 I-1

Loudon County, Tennessee  
Statement of Activities  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction	\$ 24,454,349	\$ 0	\$ 1,372,300	\$ 9,868
Support Services	14,079,888	571	328,624	0
Operation of Non-instructional Services	3,529,257	482,544	3,044,575	0
Total Governmental Activities	\$ 42,063,494	\$ 483,115	\$ 4,745,499	\$ 9,868
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 10,720,386
Local Option Sales Taxes				3,655,891
Adequate Facilities/Development Tax				601,320
Grants and Contributions Not Restricted for Specific Programs				21,855,268
Unrestricted Investment Income				30,910
Miscellaneous				96,840
Total General Revenues				\$ 36,960,615
Change in Net Position				\$ 135,603
Net Position, July 1, 2015				89,943,414
Net Position, June 30, 2016				\$ 90,079,017

Exhibit I-2

Loudon County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Loudon County School Department  
June 30, 2016

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Education Capital Projects</u>	<u>Other Govern-mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 1,000	\$ 0	\$ 1,200	\$ 2,200
Equity in Pooled Cash and Investments	6,803,628	9,544,764	774,749	17,123,141
Accounts Receivable	3,211	0	1,586	4,797
Due from Other Governments	929,765	0	45,094	974,859
Due from Other Funds	0	0	2,971	2,971
Due from Primary Government	5,911	0	0	5,911
Property Taxes Receivable	11,683,627	0	0	11,683,627
Allowance for Uncollectible Property Taxes	(257,838)	0	0	(257,838)
Prepaid Items	697,534	0	7,465	704,999
Total Assets	<u>\$ 19,866,838</u>	<u>\$ 9,544,764</u>	<u>\$ 833,065</u>	<u>\$ 30,244,667</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 156,077	\$ 0	\$ 21,401	\$ 177,478
Payroll Deductions Payable	1,190,989	0	130,604	1,321,593
Contracts Payable	0	790,427	0	790,427
Retainage Payable	0	41,601	0	41,601
Due to Other Funds	2,971	0	0	2,971
Total Liabilities	<u>\$ 1,350,037</u>	<u>\$ 832,028</u>	<u>\$ 152,005</u>	<u>\$ 2,334,070</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 11,223,957	\$ 0	\$ 0	\$ 11,223,957
Deferred Delinquent Property Taxes	181,418	0	0	181,418
Other Deferred/Unavailable Revenue	338,732	0	0	338,732
Total Deferred Inflows of Resources	<u>\$ 11,744,107</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,744,107</u>

(Continued)

Exhibit I-2

Loudon County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Loudon County School Department (Cont.)

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid Items	\$ 697,534	\$ 0	\$ 7,465	\$ 704,999
Restricted:				
Restricted for Education	0	0	378,932	378,932
Restricted for Capital Projects	0	8,712,736	0	8,712,736
Committed:				
Committed for Education	0	0	300,000	300,000
Assigned:				
Assigned for Education	2,037,246	0	0	2,037,246
Unassigned	4,037,914	0	(5,337)	4,032,577
Total Fund Balances	<u>\$ 6,772,694</u>	<u>\$ 8,712,736</u>	<u>\$ 681,060</u>	<u>\$ 16,166,490</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,866,838</u>	<u>\$ 9,544,764</u>	<u>\$ 833,065</u>	<u>\$ 30,244,667</u>

Exhibit I-3

Loudon County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Loudon County School Department  
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 16,166,490
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,946,406	
Add: construction in progress	2,454,100	
Add: buildings and improvements net of accumulated depreciation	69,607,103	
Add: infrastructure net of accumulated depreciation	95,126	
Add: other capital assets net of accumulated depreciation	<u>846,533</u>	76,949,268
(2) An internal service fund is used by management to charge the cost of employee dental and vision insurance to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		64,388
(3) 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	(1,105,274)	
Less: net pension liability - agent plan	(142,692)	
Less: net pension liability - teacher legacy plan	<u>(199,009)</u>	(1,446,975)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 2,401,404	
Less: deferred inflows of resources related to pensions	<u>(4,594,860)</u>	(2,193,456)
(5) Net pension assets of the teacher retirement plan are not current financial resources and therefore are not reported in the governmental funds.		19,152
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>520,150</u>
Net position of governmental activities (Exhibit A)		<u>\$ 90,079,017</u>

Exhibit I-4

Loudon County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2016

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 14,386,797	\$ 596,840	\$ 0	\$ 14,983,637
Licenses and Permits	1,168	0	0	1,168
Charges for Current Services	17,650	0	482,544	500,194
Other Local Revenues	101,516	0	26,657	128,173
State of Tennessee	22,617,800	0	22,401	22,640,201
Federal Government	119,335	0	3,784,601	3,903,936
Other Governments and Citizens Groups	9,868	0	0	9,868
Total Revenues	<u>\$ 37,254,134</u>	<u>\$ 596,840</u>	<u>\$ 4,316,203</u>	<u>\$ 42,167,177</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 24,676,310	\$ 0	\$ 1,490,143	\$ 26,166,453
Support Services	12,048,230	0	589,198	12,637,428
Operation of Non-Instructional Services	1,151,505	0	2,512,326	3,663,831
Capital Projects	0	3,197,511	0	3,197,511
Total Expenditures	<u>\$ 37,876,045</u>	<u>\$ 3,197,511</u>	<u>\$ 4,591,667</u>	<u>\$ 45,665,223</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (621,911)</u>	<u>\$ (2,600,671)</u>	<u>\$ (275,464)</u>	<u>\$ (3,498,046)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 77,049	\$ 1,254	\$ 0	\$ 78,303
Total Other Financing Sources (Uses)	<u>\$ 77,049</u>	<u>\$ 1,254</u>	<u>\$ 0</u>	<u>\$ 78,303</u>

(Continued)



Exhibit I-4

Loudon County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Loudon County School Department (Cont.)

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
Net Change in Fund Balances	\$ (544,862)	\$ (2,599,417)	\$ (275,464)	\$ (3,419,743)
Fund Balance, July 1, 2015	7,317,556	11,312,153	956,524	19,586,233
Fund Balance, June 30, 2016	\$ 6,772,694	\$ 8,712,736	\$ 681,060	\$ 16,166,490

Exhibit I-5

Loudon County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ (3,419,743)
(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	\$ 3,056,028	
Less: current-year depreciation expense	<u>(1,823,940)</u>	1,232,088
(2) The net effect of various miscellaneous transactions that do not provide current financial resources are not reported as revenues in the funds.		
Less: book value of capital assets disposed		(25,409)
(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, 2015	\$ (488,230)	
Add: deferred delinquent property taxes and other deferred June 30, 2016	<u>520,150</u>	31,920
(4) 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	(100,093)	
Change in net pension liability - agent plan	(349,262)	
Change in net pension asset - teacher retirement plan	19,152	
Change in net pension liability - teacher legacy plan	(276,948)	
Change in deferred outflows related to pensions	6,885	
Change in deferred inflows related to pensions	<u>2,999,934</u>	2,299,668
(5) The internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The net expense of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>17,079</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 135,603</u>

## Exhibit I-6

Loudon County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Loudon County School Department  
June 30, 2016

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,200	\$ 1,200
Equity in Pooled Cash and Investments	311,077	463,672	774,749
Accounts Receivable	0	1,586	1,586
Due from Other Governments	45,094	0	45,094
Due from Other Funds	2,971	0	2,971
Prepaid Items	7,465	0	7,465
Total Assets	<u>\$ 366,607</u>	<u>\$ 466,458</u>	<u>\$ 833,065</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,211	\$ 20,190	\$ 21,401
Payroll Deductions Payable	63,268	67,336	130,604
Total Liabilities	<u>\$ 64,479</u>	<u>\$ 87,526</u>	<u>\$ 152,005</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Prepaid Items	\$ 7,465	\$ 0	\$ 7,465
Restricted:			
Restricted for Education	0	378,932	378,932
Committed:			
Committed for Education	300,000	0	300,000
Unassigned	(5,337)	0	(5,337)
Total Fund Balances	<u>\$ 302,128</u>	<u>\$ 378,932</u>	<u>\$ 681,060</u>
Total Liabilities and Fund Balances	<u>\$ 366,607</u>	<u>\$ 466,458</u>	<u>\$ 833,065</u>

Exhibit I-7

Loudon County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 482,544	\$ 482,544
Other Local Revenues	0	26,657	26,657
State of Tennessee	0	22,401	22,401
Federal Government	2,081,394	1,703,207	3,784,601
Total Revenues	<u>\$ 2,081,394</u>	<u>\$ 2,234,809</u>	<u>\$ 4,316,203</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,490,143	\$ 0	\$ 1,490,143
Support Services	589,198	0	589,198
Operation of Non-Instructional Services	0	2,512,326	2,512,326
Total Expenditures	<u>\$ 2,079,341</u>	<u>\$ 2,512,326</u>	<u>\$ 4,591,667</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,053</u>	<u>\$ (277,517)</u>	<u>\$ (275,464)</u>
Net Change in Fund Balances	\$ 2,053	\$ (277,517)	\$ (275,464)
Fund Balance, July 1, 2015	<u>300,075</u>	<u>656,449</u>	<u>956,524</u>
Fund Balance, June 30, 2016	<u>\$ 302,128</u>	<u>\$ 378,932</u>	<u>\$ 681,060</u>

Exhibit I-8

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Loudon County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 14,386,797	\$ 0	\$ 0	\$ 14,386,797	\$ 13,533,679	\$ 13,533,679	\$ 853,118
Licenses and Permits	1,168	0	0	1,168	1,199	1,199	(31)
Charges for Current Services	17,650	0	0	17,650	0	0	17,650
Other Local Revenues	101,516	0	0	101,516	65,487	76,215	25,301
State of Tennessee	22,617,800	0	0	22,617,800	22,050,703	22,630,711	(12,911)
Federal Government	119,335	0	0	119,335	66,000	121,500	(2,165)
Other Governments and Citizens Groups	9,868	0	0	9,868	0	9,833	35
Total Revenues	\$ 37,254,134	\$ 0	\$ 0	\$ 37,254,134	\$ 35,717,068	\$ 36,373,137	\$ 880,997
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 20,844,591	\$ (57,534)	\$ 18,713	\$ 20,805,770	\$ 21,313,307	\$ 21,312,491	\$ 506,721
Special Education Program	2,787,191	(76,459)	47,766	2,758,498	2,879,695	3,005,244	246,746
Vocational Education Program	1,044,528	(13,927)	8,455	1,039,056	1,106,439	1,067,954	28,898
<u>Support Services</u>							
Health Services	435,659	(1,260)	1,504	435,903	451,769	451,253	15,350
Other Student Support	1,140,980	0	0	1,140,980	1,146,799	1,200,890	59,910
Regular Instruction Program	1,415,237	(2,780)	88	1,412,545	1,495,826	1,468,326	55,781
Special Education Program	382,456	0	0	382,456	404,463	410,663	28,207
Vocational Education Program	144,923	0	0	144,923	153,488	150,146	5,223
Other Programs	180,637	0	0	180,637	0	180,637	0
Board of Education	664,682	0	8	664,690	633,530	684,920	20,230
Director of Schools	317,836	(5,350)	6,156	318,642	326,388	335,154	16,512
Office of the Principal	1,078,170	(18,532)	31,257	1,090,895	984,897	1,125,928	35,033
Fiscal Services	72,746	0	0	72,746	74,219	73,553	807
Operation of Plant	2,887,452	(32,194)	12,570	2,867,828	2,950,114	2,961,254	93,426
Maintenance of Plant	531,134	(143,835)	63,693	450,992	250,000	517,945	66,953
Transportation	1,623,509	(5,386)	1,434	1,619,557	1,858,918	1,821,446	201,889
Central and Other	1,172,809	(31,392)	15,669	1,157,086	791,805	1,190,524	33,438

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 374,369	\$ (23,721)	\$ 0	\$ 350,648	\$ 52,442	\$ 377,597	\$ 26,949
Early Childhood Education	777,136	0	8,742	785,878	795,471	797,271	11,393
Total Expenditures	\$ 37,876,045	\$ (412,370)	\$ 216,055	\$ 37,679,730	\$ 37,669,570	\$ 39,133,196	\$ 1,453,466
Excess (Deficiency) of Revenues Over Expenditures	\$ (621,911)	\$ 412,370	\$ (216,055)	\$ (425,596)	\$ (1,952,502)	\$ (2,760,059)	\$ 2,334,463
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 77,049	\$ 0	\$ 0	\$ 77,049	\$ 0	\$ 1,836	\$ 75,213
Total Other Financing Sources	\$ 77,049	\$ 0	\$ 0	\$ 77,049	\$ 0	\$ 1,836	\$ 75,213
Net Change in Fund Balance	\$ (544,862)	\$ 412,370	\$ (216,055)	\$ (348,547)	\$ (1,952,502)	\$ (2,758,223)	\$ 2,409,676
Fund Balance, July 1, 2015	7,317,556	(412,370)	0	6,905,186	5,525,654	5,525,654	1,379,532
Fund Balance, June 30, 2016	\$ 6,772,694	\$ 0	\$ (216,055)	\$ 6,556,639	\$ 3,573,152	\$ 2,767,431	\$ 3,789,208

Exhibit I-9

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Loudon County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,081,394	\$ 0	\$ 0	\$ 2,081,394	\$ 2,111,573	\$ 2,550,908	\$ (469,514)
Total Revenues	\$ 2,081,394	\$ 0	\$ 0	\$ 2,081,394	\$ 2,111,573	\$ 2,550,908	\$ (469,514)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 727,501	\$ 0	\$ 0	\$ 727,501	\$ 662,476	\$ 869,004	\$ 141,503
Special Education Program	615,704	(767)	0	614,937	722,483	715,528	100,591
Vocational Education Program	146,938	0	0	146,938	46,938	146,938	0
<u>Support Services</u>							
Other Student Support	43,417	(1,135)	0	42,282	55,758	58,133	15,851
Regular Instruction Program	265,055	(2,211)	0	262,844	364,506	443,588	180,744
Special Education Program	273,807	0	200	274,007	252,484	310,789	36,782
Vocational Education Program	6,919	0	0	6,919	6,928	6,928	9
Total Expenditures	\$ 2,079,341	\$ (4,113)	\$ 200	\$ 2,075,428	\$ 2,111,573	\$ 2,550,908	\$ 475,480
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,053	\$ 4,113	\$ (200)	\$ 5,966	\$ 0	\$ 0	\$ 5,966
Net Change in Fund Balance	\$ 2,053	\$ 4,113	\$ (200)	\$ 5,966	\$ 0	\$ 0	\$ 5,966
Fund Balance, July 1, 2015	300,075	(4,113)	0	295,962	304,972	304,972	(9,010)
Fund Balance, June 30, 2016	\$ 302,128	\$ 0	\$ (200)	\$ 301,928	\$ 304,972	\$ 304,972	\$ (3,044)

Exhibit I-10

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Loudon County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 482,544	\$ 0	\$ 482,544	\$ 650,850	\$ 650,850	\$ (168,306)
Other Local Revenues	26,657	0	26,657	0	0	26,657
State of Tennessee	22,401	0	22,401	27,000	31,050	(8,649)
Federal Government	1,703,207	0	1,703,207	1,710,000	1,710,000	(6,793)
Total Revenues	\$ 2,234,809	\$ 0	\$ 2,234,809	\$ 2,387,850	\$ 2,391,900	\$ (157,091)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,512,326	\$ (85,127)	\$ 2,427,199	\$ 2,651,097	\$ 2,655,147	\$ 227,948
Total Expenditures	\$ 2,512,326	\$ (85,127)	\$ 2,427,199	\$ 2,651,097	\$ 2,655,147	\$ 227,948
Excess (Deficiency) of Revenues Over Expenditures	\$ (277,517)	\$ 85,127	\$ (192,390)	\$ (263,247)	\$ (263,247)	\$ 70,857
Net Change in Fund Balance	\$ (277,517)	\$ 85,127	\$ (192,390)	\$ (263,247)	\$ (263,247)	\$ 70,857
Fund Balance, July 1, 2015	656,449	(85,127)	571,322	846,437	846,437	(275,115)
Fund Balance, June 30, 2016	\$ 378,932	\$ 0	\$ 378,932	\$ 583,190	\$ 583,190	\$ (204,258)



Exhibit I-11

Loudon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Loudon County School Department  
Education Capital Projects Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 596,840	\$ 0	\$ 0	\$ 596,840	\$ 300,000	\$ 540,000	\$ 56,840
Total Revenues	\$ 596,840	\$ 0	\$ 0	\$ 596,840	\$ 300,000	\$ 540,000	\$ 56,840
<u>Expenditures</u>							
Capital Projects							
Education Capital Projects	\$ 3,197,511	\$ (397,993)	\$ 4,384,773	\$ 7,184,291	\$ 0	\$ 7,555,837	\$ 371,546
Total Expenditures	\$ 3,197,511	\$ (397,993)	\$ 4,384,773	\$ 7,184,291	\$ 0	\$ 7,555,837	\$ 371,546
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,600,671)	\$ 397,993	\$ (4,384,773)	\$ (6,587,451)	\$ 300,000	\$ (7,015,837)	\$ 428,386
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,254	\$ 0	\$ 0	\$ 1,254	\$ 0	\$ 1,254	\$ 0
Total Other Financing Sources	\$ 1,254	\$ 0	\$ 0	\$ 1,254	\$ 0	\$ 1,254	\$ 0
Net Change in Fund Balance	\$ (2,599,417)	\$ 397,993	\$ (4,384,773)	\$ (6,586,197)	\$ 300,000	\$ (7,014,583)	\$ 428,386
Fund Balance, July 1, 2015	11,312,153	(397,993)	0	10,914,160	11,730,278	11,730,278	(816,118)
Fund Balance, June 30, 2016	\$ 8,712,736	\$ 0	\$ (4,384,773)	\$ 4,327,963	\$ 12,030,278	\$ 4,715,695	\$ (387,732)

Exhibit I-12

Loudon County, Tennessee  
Statement of Net Position - Proprietary Fund  
Discretely Presented Loudon County School Department  
June 30, 2016

		Internal Service Fund
		Employee
		Dental
		And Vision
		Insurance
		Fund
	<u>ASSETS</u>	
Current Assets:		
Cash		\$ 87,587
Total Assets		<u>\$ 87,587</u>
	<u>LIABILITIES</u>	
Current Liabilities:		
Other Current Liabilities		\$ 23,199
Total Liabilities		<u>\$ 23,199</u>
	<u>NET POSITION</u>	
Unrestricted		<u>\$ 64,388</u>
Total Net Position		<u><u>\$ 64,388</u></u>

Exhibit I-13

Loudon County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Loudon County School Department  
Proprietary Fund  
For the Year Ended June 30, 2016

	Internal Service Fund
	Employee Dental and Vision Insurance Fund
<u>Operating Revenues</u>	
Charges for Services	\$ 386,836
Total Operating Revenues	<u>\$ 386,836</u>
<u>Operating Expenses</u>	
Medical and Dental Services	\$ 369,757
Total Operating Expenses	<u>\$ 369,757</u>
Operating Income (Loss)	<u>\$ 17,079</u>
Change in Net Position	\$ 17,079
Net Position, July 1, 2015	<u>47,309</u>
Net Position, June 30, 2016	<u><u>\$ 64,388</u></u>

Exhibit I-14

Loudon County, Tennessee  
Statement of Cash Flows  
Discretely Presented Loudon County School Department  
Proprietary Fund  
For the Year Ended June 30, 2016

	Internal Service Fund
	Employee Dental and Vision Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 386,836
Payments for Claims	(360,068)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 26,768</u>
Increase (Decrease) in Cash	\$ 26,768
Cash, July 1, 2015	<u>60,819</u>
Cash, June 30, 2016	<u><u>\$ 87,587</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 17,079
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Other Current Liabilities	<u>9,689</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 26,768</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Loudon County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, and Bonds

For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Paid and/or Matured During Period	Outstanding 6-30-16
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Del Conca Waterline Extension	\$ 400,000	2.88%	2-1-13	2-1-23	\$ 329,000	\$ 37,000	\$ 292,000
Total Payable through General Debt Service Fund					<u>\$ 329,000</u>	<u>\$ 37,000</u>	<u>\$ 292,000</u>
Total Notes Payable					<u>\$ 329,000</u>	<u>\$ 37,000</u>	<u>\$ 292,000</u>
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Fund</u>							
City of Loudon - Highlands Business Center	475,000	0	5-1-00	(1)	<u>\$ 258,301</u>	<u>\$ 43,465</u>	<u>\$ 214,836</u>
Total Payable through General Fund					<u>\$ 258,301</u>	<u>\$ 43,465</u>	<u>\$ 214,836</u>
<u>Payable through General Debt Service Fund</u>							
Montgomery County PBA Loan	5,000,000	Variable	5-8-03	5-25-18	\$ 1,204,000	\$ 389,000	\$ 815,000
Blount County PBA Loan, Series E-3-C - Refunding	2,570,000	Variable	7-31-08	6-1-20	1,250,000	225,000	1,025,000
Total Payable through General Debt Service Fund					<u>\$ 2,454,000</u>	<u>\$ 614,000</u>	<u>\$ 1,840,000</u>
<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	\$ 9,005,000	\$ 685,000	\$ 8,320,000
Qualified Zone Academy Bonds - Energy Efficiency	4,129,500	0	12-28-05	12-1-20	1,651,800	275,300	1,376,500
Total Payable through Education Debt Service Fund					<u>\$ 10,656,800</u>	<u>\$ 960,300</u>	<u>\$ 9,696,500</u>
Total Other Loans Payable					<u>\$ 13,369,101</u>	<u>\$ 1,617,765</u>	<u>\$ 11,751,336</u>

(Continued)

Exhibit J-1

Loudon County, Tennessee

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Paid and/or Matured During Period	Outstanding 6-30-16
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Refunding Series 2014A	\$ 2,600,000	2.8%	12-30-14	4-1-20	\$ 2,600,000	\$ 470,000	\$ 2,130,000
Total Payable through General Debt Service Fund					\$ 2,600,000	\$ 470,000	\$ 2,130,000
<u>Payable through Education Debt Service Fund</u>							
Rural School Bonds, Series 2011	9,995,000	3.17	11-1-11	6-1-36	\$ 9,700,000	\$ 100,000	\$ 9,600,000
Rural School Bonds, Series 2012	23,500,000	2 to 4	7-25-12	6-1-36	21,350,000	750,000	20,600,000
Rural School Bonds, Series 2013A	8,850,000	1.4 to 5	5-10-13	6-1-23	7,300,000	1,000,000	6,300,000
Rural School Bonds, Series 2014B	9,845,000	2.59	12-30-14	4-1-35	9,845,000	385,000	9,460,000
Total Payable through Education Debt Service Fund					\$ 48,195,000	\$ 2,235,000	\$ 45,960,000
Total Bonds Payable					\$ 50,795,000	\$ 2,705,000	\$ 48,090,000

- (1) The county has pledged its incremental tax revenues (excess of current taxes over base year amounts) from properties within the development toward the retirement of this obligation. The agreement requires only the payment of the tax increment each year (with no interest accruing on the unpaid balance). Therefore, no maturity date can be established.
- (2) A previous issue, Series IV-H-1, was swapped from variable to synthetic fixed rate by execution of a swap agreement. That issue was refunded with proceeds of the E-3-C issue. The swap agreement was retained.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 38,000	\$ 8,410	\$ 46,410
2018	39,000	7,315	46,315
2019	41,000	6,192	47,192
2020	42,000	5,011	47,011
2021	43,000	3,802	46,802
2022	44,000	2,563	46,563
2023	45,000	1,296	46,296
Total	<u>\$ 292,000</u>	<u>\$ 34,589</u>	<u>\$ 326,589</u>

Year Ending June 30	Other Loans				
	Principal	(1)	Interest	Other Fees	Total
2017	\$ 1,651,300	\$	293,553	\$ 16,339	\$ 1,961,192
2018	1,709,300		265,190	12,249	1,986,739
2019	1,340,300		235,251	8,012	1,583,563
2020	1,410,300		205,530	6,851	1,622,681
2021	1,190,300		174,070	5,614	1,369,984
2022	970,000		143,143	4,616	1,117,759
2023	1,025,000		110,357	3,559	1,138,916
2024	1,090,000		75,712	2,442	1,168,154
2025	1,150,000		38,870	1,254	1,190,124
Total	\$ 11,536,500	\$	1,541,676	\$ 60,936	\$ 13,139,112

(1) Does not include the City of Loudon - Highland Business Center note (\$214,836) since the annual requirements for that note are dependent upon the amount of incremental tax revenues generated within the development each year.

(Continued)



Exhibit J-2

Loudon County, Tennessee

Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 2,775,000	\$ 1,495,475	\$ 4,270,475
2018	2,880,000	1,405,225	4,285,225
2019	2,905,000	1,318,125	4,223,125
2020	3,045,000	1,225,475	4,270,475
2021	2,540,000	1,130,125	3,670,125
2022	2,850,000	1,065,950	3,915,950
2023	2,885,000	994,450	3,879,450
2024	1,920,000	920,250	2,840,250
2025	1,975,000	859,350	2,834,350
2026	1,990,000	794,663	2,784,663
2027	2,025,000	729,138	2,754,138
2028	2,060,000	660,638	2,720,638
2029	2,125,000	589,368	2,714,368
2030	2,165,000	526,193	2,691,193
2031	2,205,000	460,863	2,665,863
2032	2,370,000	391,275	2,761,275
2033	2,415,000	314,775	2,729,775
2034	2,480,000	234,188	2,714,188
2035	2,530,000	151,488	2,681,488
2036	1,950,000	67,163	2,017,163
Total	\$ 48,090,000	\$ 15,334,177	\$ 63,424,177

Exhibit J-3

Loudon County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Highway/Public Works	General Debt Service	Debt retirement	\$ 79,965
General Capital Projects	General	Return of cash flow transfer from prior year	<u>100,000</u>
Total Transfers			<u><u>\$ 179,965</u></u>

Exhibit J-4

Loudon County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:	Section 8-24-102, <i>TCA</i>	\$ 86,316	\$ 100,000	Western Surety Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	82,205	100,000	"
Director of Schools	State Board of Education and County Board of Education	134,200 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	70,263	1,466,000	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	70,263	10,000	"
Director of Accounts and Budgets	County Commission	70,263	100,000	"
Purchasing Agent:				
Joan Lovelace (7-1-15 through 2-29-16)	County Commission	41,496 (3)	50,000	"
Susan Huskey (3-1-16 through 6-30-16)	County Commission	15,834	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	70,263	50,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	70,263	50,000	Ohio Farmers Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	70,263	25,000	Western Surety Company
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	82,805 (2)	25,000	"
Employee Blanket Bonds - All County Employees:			250,000	Coregis Insurance Organization - Blanket Policy

(1) Includes career ladder supplement of \$1,000 and travel stipend of \$7,200.

(2) Includes a county workhouse supervisor payment of \$4,915 and a law enforcement training supplement of \$600.

(3) Includes accrued leave of \$6,122.

Exhibit J-5

Loudon County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,910,971	\$ 0	\$ 0	\$ 218,775	\$ 0	\$ 0
Trustee's Collections - Prior Year	182,844	0	0	5,055	0	0
Trustee's Collections - Bankruptcy	30,888	0	0	1,080	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	134,787	0	0	3,359	0	0
Interest and Penalty	44,481	0	0	1,315	0	0
Payments in-Lieu-of Taxes - Other	192,402	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	538,701	0	0	0	359,098	0
Hotel/Motel Tax	468,839	0	0	0	0	0
Litigation Tax - General	123,067	0	0	0	0	0
Litigation Tax - Special Purpose	238,623	0	4,983	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	123,211	0	0	0	0
Business Tax	585,755	0	0	0	0	0
Mixed Drink Tax	18,002	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	13,741	0	0	380	0	0
Wholesale Beer Tax	90,682	0	0	0	0	0
Total Local Taxes	\$ 10,573,783	\$ 123,211	\$ 4,983	\$ 229,964	\$ 359,098	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 67,323	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	331,655	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 3,230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	261,889	0	0	0	0	0
Other Permits	22,031	0	0	0	0	0
Total Licenses and Permits	\$ 686,128	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
DUI Treatment Fines	\$ 2,306	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Circuit Court	975	0	0	0	0	0
Courtroom Security Fee	5,680	0	0	0	0	0
<u>Criminal Court</u>						
Fines	14,007	0	0	0	0	0
Officers Costs	27,902	0	0	0	0	0
Drug Control Fines	4,336	0	0	0	0	0
Jail Fees	1,259	0	0	0	0	0
Data Entry Fee - Criminal Court	975	0	0	0	0	0
Victims Assistance Assessments	2,594	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	54,880	0	0	0	0	0
Officers Costs	104,620	0	0	0	0	0
Game and Fish Fines	565	0	0	0	0	0
Drug Control Fines	6,723	0	0	0	0	0
Jail Fees	6,163	0	0	0	0	0
DUI Treatment Fines	15,756	0	0	0	0	0
Data Entry Fee - General Sessions Court	22,502	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Courtroom Security Fee	\$ 116,381	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Victims Assistance Assessments	19,334	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	404	0	0	0	0	0
Data Entry Fee - Juvenile Court	551	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	10,193	0	0	0	0	0
Data Entry Fee - Chancery Court	5,182	0	0	0	0	0
Courtroom Security Fee	2,578	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	9,159	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	<u>\$ 435,025</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Charges for Current Services</u>						
<u>Fees</u>						
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 5,477	\$ 0	\$ 0
Library Fees	0	0	0	4,994	0	0
Greenbelt Late Application Fee	300	0	0	0	0	0
Telephone Commissions	41,468	0	0	0	0	0
Vending Machine Collections	155	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Register	\$ 21,052	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - Sheriff	9,302	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,950	0	0	0	0	0
Data Processing Fee - County Clerk	1,023	0	0	0	0	0
Total Charges for Current Services	\$ 76,250	\$ 0	\$ 0	\$ 10,471	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 20,755	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	3,200	0	0	0	0	13,381
Sale of Materials and Supplies	2,200	0	0	73	0	0
Commissary Sales	11,842	0	0	0	0	0
Sale of Maps	10	0	0	0	0	0
Sale of Recycled Materials	0	0	0	0	94,812	0
E-Rate Funding	0	0	0	1,018	0	0
Retirees' Insurance Payments	79,501	0	0	622	475	0
Cobra Insurance Payments	2,187	0	0	0	0	0
Miscellaneous Refunds	57,312	0	0	255	265	0
Expenditure Credits	3,027	0	0	0	0	0
<u>Nonrecurring Items</u>						
Revenue from Joint Ventures	0	0	0	0	0	0
Sale of Equipment	8,586	0	0	0	0	0
Contributions and Gifts	16,111	0	0	637	200	0
Total Other Local Revenues	\$ 204,731	\$ 0	\$ 0	\$ 2,605	\$ 95,752	\$ 13,381

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
General Sessions Court Clerk	\$ 7,839	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	470,323	0	0	0	0	0
Circuit Court Clerk	99,572	0	0	0	0	0
General Sessions Court Clerk	408,213	0	0	0	0	0
Clerk and Master	106,731	0	0	0	0	0
Register	302,937	0	0	0	0	0
Sheriff	25,141	0	0	0	0	0
Trustee	856,755	0	0	0	0	0
Total Fees Received From County Officials	<u>\$ 2,277,511</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 10,170	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	15,124	0	0	0	0	0
Solid Waste Grants	0	0	0	0	29,319	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	28,200	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	124,675	0	0	0	0	0
Other Health and Welfare Grants	17,003	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	0	0	0	0	40,257	0
Other Public Works Grants	0	0	0	0	0	0

(Continued)



Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 1,144,953	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	18,488	0	0	0	0	0
Vehicle Certificate of Title Fees	7,547	0	0	0	0	0
Alcoholic Beverage Tax	72,959	0	0	0	0	0
Contracted Prisoner Boarding	191,317	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
State Shared Sales Tax - Cities	7,651	0	0	0	0	0
Other State Revenues	52,456	0	0	0	16,974	0
Total State of Tennessee	\$ 1,705,707	\$ 0	\$ 0	\$ 0	\$ 86,550	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	55,500	0	0	0	0	0
Disaster Relief	0	0	0	0	0	0
Other Federal through State	169,796	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	0	0
Total Federal Government	\$ 225,296	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 8,282	\$ 0	\$ 0	\$ 28,740	\$ 0	\$ 0
Contracted Services	40,942	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Public Library	Solid Waste / Sanitation	Industrial / Economic Development
<u>Other Governments and Citizens Groups (Cont.)</u>						
<u>Citizens Groups</u>						
Donations	\$ 25,849	\$ 0	\$ 0	\$ 3,171	\$ 0	\$ 0
<u>Other</u>						
Other	9,076	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 84,149</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,911</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 16,268,580</u>	<u>\$ 123,211</u>	<u>\$ 4,983</u>	<u>\$ 274,951</u>	<u>\$ 541,400</u>	<u>\$ 13,381</u>

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 558,721	\$ 1,161,196	\$ 4,674,323
Trustee's Collections - Prior Year	0	0	0	12,908	26,835	112,360
Trustee's Collections - Bankruptcy	0	0	0	2,167	4,693	24,562
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	0	8,579	17,830	82,689
Interest and Penalty	0	0	0	3,136	6,591	29,048
Payments in-Lieu-of Taxes - Other	0	0	0	0	46,512	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	0	0
Litigation Tax - General	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	0	0	0	0	0	0
Mixed Drink Tax	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	45,111	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	971	2,017	9,355
Wholesale Beer Tax	0	0	0	0	0	0
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 631,593	\$ 1,265,674	\$ 4,932,337
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	0	0	0	0	0	0
Other Permits	0	0	0	0	0	0
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
DUI Treatment Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Circuit Court	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0
<u>Criminal Court</u>						
Fines	0	0	0	0	0	0
Officers Costs	11	0	0	0	0	0
Drug Control Fines	11,772	0	0	0	0	0
Jail Fees	0	0	0	0	0	0
Data Entry Fee - Criminal Court	0	0	0	0	0	0
Victims Assistance Assessments	0	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	0
Officers Costs	27	0	0	0	0	0
Game and Fish Fines	0	0	0	0	0	0
Drug Control Fines	6,723	0	0	0	0	0
Jail Fees	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Courtroom Security Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Victims Assistance Assessments	0	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	0	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	0
Data Entry Fee - Chancery Court	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	0	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	43,537	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	49,428	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 111,498	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Charges for Current Services</u>						
<u>Fees</u>						
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Library Fees	0	0	0	0	0	0
Greenbelt Late Application Fee	0	0	0	0	0	0
Telephone Commissions	0	0	0	0	0	0
Vending Machine Collections	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	14,533	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Register	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - Sheriff	1	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	0
Data Processing Fee - County Clerk	0	0	0	0	0	0
Total Charges for Current Services	\$ 1	\$ 0	\$ 14,533	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,814	\$ 180,039
Lease/Rentals	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	15,276	0	0
Commissary Sales	0	0	0	0	0	0
Sale of Maps	0	0	0	0	0	0
Sale of Recycled Materials	0	0	0	499	0	0
E-Rate Funding	0	0	0	0	0	0
Retirees' Insurance Payments	0	0	0	3,205	0	0
Cobra Insurance Payments	0	0	0	0	0	0
Miscellaneous Refunds	0	0	0	3,181	0	0
Expenditure Credits	0	0	0	0	0	0
<u>Nonrecurring Items</u>						
Revenue from Joint Ventures	0	0	0	0	24,832	0
Sale of Equipment	0	0	0	65,783	0	0
Contributions and Gifts	53,534	0	0	0	0	0
Total Other Local Revenues	\$ 53,534	\$ 0	\$ 0	\$ 87,944	\$ 33,646	\$ 180,039

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
General Sessions Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	0	0	0	0	0	0
Circuit Court Clerk	0	0	0	0	0	0
General Sessions Court Clerk	0	0	0	0	0	0
Clerk and Master	0	0	0	0	0	0
Register	0	0	0	0	0	0
Sheriff	0	0	0	0	0	0
Trustee	0	0	0	0	0	0
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	0	0	0	0	0	0
Solid Waste Grants	0	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	0
Other Health and Welfare Grants	0	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	284,293	0	0
Litter Program	0	0	0	0	0	0
Other Public Works Grants	0	0	0	13,120	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	0	0	0	0	0	0
Vehicle Certificate of Title Fees	0	0	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	1,689,562	0	0
Petroleum Special Tax	0	0	0	35,035	0	0
Registrar's Salary Supplement	0	0	0	0	0	0
State Shared Sales Tax - Cities	0	0	0	0	0	0
Other State Revenues	0	0	0	0	0	0
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 2,022,010	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	0	0	0	0	0	0
Disaster Relief	0	0	0	103,697	0	0
Other Federal through State	0	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	4,695	0	0	0	0
Total Federal Government	\$ 0	\$ 4,695	\$ 0	\$ 103,697	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	0	0	0	1,767	234,420	0

(Continued)



Exhibit J-5

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

	Special Revenue Funds				Debt Service Funds	
	Drug Control	Other Special Revenue	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service
<u>Other Governments and Citizens Groups (Cont.)</u>						
<u>Citizens Groups</u>						
Donations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other</u>						
Other	0	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,767</u>	<u>\$ 234,420</u>	<u>\$ 0</u>
Total	<u>\$ 165,033</u>	<u>\$ 4,695</u>	<u>\$ 14,533</u>	<u>\$ 2,847,011</u>	<u>\$ 1,533,740</u>	<u>\$ 5,112,376</u>

(Continued)

## Exhibit J-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 168,290	\$ 289,457	\$ 14,981,733
Trustee's Collections - Prior Year	3,923	6,694	350,619
Trustee's Collections - Bankruptcy	710	1,262	65,362
Circuit Clerk/Clerk and Master Collections - Prior Years	2,584	4,445	254,273
Interest and Penalty	999	1,680	87,250
Payments in-Lieu-of Taxes - Other	0	0	238,914
<u>County Local Option Taxes</u>			
Local Option Sales Tax	179,603	0	1,077,402
Hotel/Motel Tax	0	0	468,839
Litigation Tax - General	0	0	123,067
Litigation Tax - Special Purpose	0	0	243,606
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	123,211
Business Tax	0	0	585,755
Mixed Drink Tax	0	0	18,002
Mineral Severance Tax	0	0	45,111
<u>Statutory Local Taxes</u>			
Bank Excise Tax	292	503	27,259
Wholesale Beer Tax	0	0	90,682
Total Local Taxes	\$ 356,401	\$ 304,041	\$ 18,781,085
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Animal Registration	\$ 0	\$ 0	\$ 67,323
Cable TV Franchise	0	0	331,655

(Continued)

Exhibit J-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Beer Permits	\$ 0	\$ 0	\$ 3,230
Building Permits	0	0	261,889
Other Permits	0	0	22,031
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 686,128</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
DUI Treatment Fines	\$ 0	\$ 0	\$ 2,306
Data Entry Fee - Circuit Court	0	0	975
Courtroom Security Fee	0	0	5,680
<u>Criminal Court</u>			
Fines	0	0	14,007
Officers Costs	0	0	27,913
Drug Control Fines	0	0	16,108
Jail Fees	0	0	1,259
Data Entry Fee - Criminal Court	0	0	975
Victims Assistance Assessments	0	0	2,594
<u>General Sessions Court</u>			
Fines	0	0	54,880
Officers Costs	0	0	104,647
Game and Fish Fines	0	0	565
Drug Control Fines	0	0	13,446
Jail Fees	0	0	6,163
DUI Treatment Fines	0	0	15,756
Data Entry Fee - General Sessions Court	0	0	22,502

(Continued)

## Exhibit J-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>General Sessions Court (Cont.)</u>			
Courtroom Security Fee	\$ 0	\$ 0	\$ 116,381
Victims Assistance Assessments	0	0	19,334
<u>Juvenile Court</u>			
Fines	0	0	404
Data Entry Fee - Juvenile Court	0	0	551
<u>Chancery Court</u>			
Officers Costs	0	0	10,193
Data Entry Fee - Chancery Court	0	0	5,182
Courtroom Security Fee	0	0	2,578
<u>Other Courts - In-county</u>			
Fines	0	0	9,159
<u>Judicial District Drug Program</u>			
Drug Task Force Forfeitures and Seizures	0	0	43,537
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	49,428
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 546,523</u>
<u>Charges for Current Services</u>			
<u>Fees</u>			
Copy Fees	\$ 0	\$ 0	\$ 5,477
Library Fees	0	0	4,994
Greenbelt Late Application Fee	0	0	300
Telephone Commissions	0	0	41,468
Vending Machine Collections	0	0	155
Constitutional Officers' Fees and Commissions	0	0	14,533

(Continued)

## Exhibit J-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Data Processing Fee - Register	\$ 0	\$ 0	\$ 21,052
Data Processing Fee - Sheriff	0	0	9,303
Sexual Offender Registration Fee - Sheriff	0	0	2,950
Data Processing Fee - County Clerk	0	0	1,023
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 101,255</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 209,608
Lease/Rentals	0	0	16,581
Sale of Materials and Supplies	0	0	17,549
Commissary Sales	0	0	11,842
Sale of Maps	0	0	10
Sale of Recycled Materials	0	0	95,311
E-Rate Funding	0	0	1,018
Retirees' Insurance Payments	0	0	83,803
Cobra Insurance Payments	0	0	2,187
Miscellaneous Refunds	0	0	61,013
Expenditure Credits	0	0	3,027
<u>Nonrecurring Items</u>			
Revenue from Joint Ventures	0	0	24,832
Sale of Equipment	0	0	74,369
Contributions and Gifts	1,610	0	72,092
Total Other Local Revenues	<u>\$ 1,610</u>	<u>\$ 0</u>	<u>\$ 673,242</u>

(Continued)

Exhibit J-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
General Sessions Court Clerk	\$ 0	\$ 0	\$ 7,839
<u>Fees In-Lieu-of Salary</u>			
County Clerk	0	0	470,323
Circuit Court Clerk	0	0	99,572
General Sessions Court Clerk	0	0	408,213
Clerk and Master	0	0	106,731
Register	0	0	302,937
Sheriff	0	0	25,141
Trustee	0	0	856,755
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 2,277,511
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 10,170
Aging Programs	0	0	15,124
Solid Waste Grants	0	0	29,319
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	28,200
<u>Health and Welfare Grants</u>			
Health Department Programs	0	0	124,675
Other Health and Welfare Grants	0	0	17,003
<u>Public Works Grants</u>			
State Aid Program	0	0	284,293
Litter Program	0	0	40,257
Other Public Works Grants	0	0	13,120

(Continued)

Exhibit J-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues</u>			
Income Tax	\$ 0	\$ 0	\$ 1,144,953
Beer Tax	0	0	18,488
Vehicle Certificate of Title Fees	0	0	7,547
Alcoholic Beverage Tax	0	0	72,959
Contracted Prisoner Boarding	0	0	191,317
Gasoline and Motor Fuel Tax	0	0	1,689,562
Petroleum Special Tax	0	0	35,035
Registrar's Salary Supplement	0	0	15,164
State Shared Sales Tax - Cities	0	0	7,651
Other State Revenues	0	0	69,430
Total State of Tennessee	\$ 0	\$ 0	\$ 3,814,267
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$ 273,433	\$ 0	\$ 273,433
Civil Defense Reimbursement	0	0	55,500
Disaster Relief	0	0	103,697
Other Federal through State	81,471	0	251,267
<u>Direct Federal Revenue</u>			
Asset Forfeiture Funds	0	0	4,695
Total Federal Government	\$ 354,904	\$ 0	\$ 688,592
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$ 0	\$ 37,022
Contracted Services	0	0	277,129

(Continued)

Exhibit J-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Highway Capital Projects	Total
<u>Other Governments and Citizens Groups (Cont.)</u>			
<u>Citizens Groups</u>			
Donations	\$ 0	\$ 0	\$ 29,020
<u>Other</u>			
Other	0	0	9,076
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 352,247</u>
Total	<u>\$ 712,915</u>	<u>\$ 304,041</u>	<u>\$ 27,920,850</u>



Exhibit J-6

Loudon County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 10,225,771	\$ 0	\$ 0	\$ 0	\$ 10,225,771
Trustee's Collections - Prior Year	236,258	0	0	0	236,258
Trustee's Collections - Bankruptcy	41,667	0	0	0	41,667
Circuit Clerk/Clerk and Master Collections - Prior Years	157,048	0	0	0	157,048
Interest and Penalty	58,148	0	0	0	58,148
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,625,440	0	0	0	3,625,440
Mixed Drink Tax	20,212	0	0	0	20,212
Adequate Facilities/Development Tax	0	0	0	596,840	596,840
<u>Statutory Local Taxes</u>					
Bank Excise Tax	17,773	0	0	0	17,773
Interstate Telecommunications Tax	4,480	0	0	0	4,480
Total Local Taxes	\$ 14,386,797	\$ 0	\$ 0	\$ 596,840	\$ 14,983,637
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,168	\$ 0	\$ 0	\$ 0	\$ 1,168
Total Licenses and Permits	\$ 1,168	\$ 0	\$ 0	\$ 0	\$ 1,168
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 326,594	\$ 0	\$ 326,594
Lunch Payments - Adults	0	0	44,872	0	44,872
Income from Breakfast	0	0	93,369	0	93,369

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
A la Carte Sales	\$ 0	\$ 0	\$ 17,361	\$ 0	\$ 17,361
Receipts from Individual Schools	17,650	0	348	0	17,998
Total Charges for Current Services	<u>\$ 17,650</u>	<u>\$ 0</u>	<u>\$ 482,544</u>	<u>\$ 0</u>	<u>\$ 500,194</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 29,176	\$ 0	\$ 1,734	\$ 0	\$ 30,910
Sale of Materials and Supplies	571	0	0	0	571
Retirees' Insurance Payments	58,197	0	0	0	58,197
Miscellaneous Refunds	13,034	0	24,923	0	37,957
<u>Nonrecurring Items</u>					
Sale of Equipment	538	0	0	0	538
Total Other Local Revenues	<u>\$ 101,516</u>	<u>\$ 0</u>	<u>\$ 26,657</u>	<u>\$ 0</u>	<u>\$ 128,173</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 180,637	\$ 0	\$ 0	\$ 0	\$ 180,637
<u>State Education Funds</u>					
Basic Education Program	19,731,000	0	0	0	19,731,000
Early Childhood Education	771,443	0	0	0	771,443
School Food Service	0	0	22,401	0	22,401
Other State Education Funds	622,905	0	0	0	622,905
Career Ladder Program	107,110	0	0	0	107,110

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	\$ 1,179,045	\$ 0	\$ 0	\$ 0	\$ 1,179,045
Other State Grants	3,500	0	0	0	3,500
Safe Schools	22,160	0	0	0	22,160
Total State of Tennessee	<u>\$ 22,617,800</u>	<u>\$ 0</u>	<u>\$ 22,401</u>	<u>\$ 0</u>	<u>\$ 22,640,201</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,138,368	\$ 0	\$ 1,138,368
Breakfast	0	0	367,710	0	367,710
USDA - Other	0	0	39,835	0	39,835
Vocational Education - Basic Grants to States	0	168,281	0	0	168,281
Title I Grants to Local Education Agencies	0	906,243	0	0	906,243
Special Education - Grants to States	55,500	877,778	0	0	933,278
Special Education Preschool Grants	0	13,122	0	0	13,122
English Language Acquisition Grants	0	23,204	0	0	23,204
Eisenhower Professional Development State Grants	0	92,766	0	0	92,766
Other Federal through State	0	0	4,048	0	4,048
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	63,835	0	0	0	63,835
Other Direct Federal Revenue	0	0	153,246	0	153,246
Total Federal Government	<u>\$ 119,335</u>	<u>\$ 2,081,394</u>	<u>\$ 1,703,207</u>	<u>\$ 0</u>	<u>\$ 3,903,936</u>

(Continued)

Exhibit J-6

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

		<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Other Governments and Citizens Groups</u>					
<u>Citizens Groups</u>					
Donations	\$ 9,868	\$ 0	\$ 0	\$ 0	\$ 9,868
Total Other Governments and Citizens Groups	<u>\$ 9,868</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,868</u>
Total	<u>\$ 37,254,134</u>	<u>\$ 2,081,394</u>	<u>\$ 2,234,809</u>	<u>\$ 596,840</u>	<u>\$ 42,167,177</u>

## Exhibit J-7

Loudon County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	80,210	
Social Security		3,964	
Pensions		3,112	
Life Insurance		866	
Medical Insurance		20,028	
Dental Insurance		2,877	
Employer Medicare		1,117	
Consultants		69,686	
Dues and Memberships		10,936	
Travel		716	
Other Contracted Services		54	
Other Supplies and Materials		1,650	
Workers' Compensation Insurance		9,123	
In Service/Staff Development		200	
Total County Commission			\$ 204,539

Board of Equalization

Board and Committee Members Fees	\$	1,180	
Travel		315	
Total Board of Equalization			1,495

Beer Board

Board and Committee Members Fees	\$	1,800	
Legal Services		4,050	
Total Beer Board			5,850

Other Boards and Committees

Board and Committee Members Fees	\$	5,150	
In Service/Staff Development		100	
Total Other Boards and Committees			5,250

County Mayor/Executive

County Official/Administrative Officer	\$	86,316	
Supervisor/Director		4,188	
Secretary(ies)		37,015	
Clerical Personnel		20,595	
Temporary Personnel		2,844	
Social Security		9,132	
Pensions		14,367	
Life Insurance		1,037	
Medical Insurance		24,377	
Dental Insurance		2,059	
Employer Medicare		2,136	
Communication		1,889	
Dues and Memberships		1,755	
Maintenance and Repair Services - Vehicles		35	
Postal Charges		158	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Printing, Stationery, and Forms	\$	37	
Travel		2,414	
Gasoline		1,125	
Office Supplies		413	
Other Supplies and Materials		18	
Premiums on Corporate Surety Bonds		350	
Workers' Compensation Insurance		2,737	
In Service/Staff Development		100	
Furniture and Fixtures		271	
Office Equipment		1,007	
Total County Mayor/Executive			\$ 216,375

Personnel Office

Part-time Personnel	\$	18,729	
Life Insurance		192	
Dental Insurance		325	
Unemployment Compensation		3,340	
Employer Medicare		272	
Operating Lease Payments		1,033	
Maintenance and Repair Services - Office Equipment		178	
Medical and Dental Services		3,418	
Postal Charges		72	
Printing, Stationery, and Forms		3,600	
Travel		405	
Other Contracted Services		6,836	
Office Supplies		326	
Other Supplies and Materials		50	
Furniture and Fixtures		75	
Office Equipment		999	
Total Personnel Office			39,850

County Attorney

Legal Services	\$	140,076	
Total County Attorney			140,076

Election Commission

County Official/Administrative Officer	\$	64,502	
Secretary(ies)		39,132	
Temporary Personnel		13,042	
Overtime Pay		736	
Election Commission		12,000	
Election Workers		38,588	
Social Security		9,187	
Pensions		10,099	
Life Insurance		452	
Medical Insurance		19,725	
Dental Insurance		1,372	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Employer Medicare	\$	2,149	
Communication		2,810	
Dues and Memberships		225	
Operating Lease Payments		1,813	
Legal Notices, Recording, and Court Costs		2,344	
Licenses		3,350	
Maintenance and Repair Services - Equipment		649	
Postal Charges		4,284	
Printing, Stationery, and Forms		8,071	
Travel		4,726	
Other Contracted Services		15,548	
Office Supplies		3,022	
Uniforms		303	
Workers' Compensation Insurance		1,825	
Furniture and Fixtures		432	
Office Equipment		4,483	
Total Election Commission			\$ 264,869

Register of Deeds

County Official/Administrative Officer	\$	70,263	
Clerical Personnel		101,572	
Social Security		10,051	
Pensions		16,668	
Life Insurance		823	
Medical Insurance		47,129	
Dental Insurance		2,780	
Employer Medicare		2,351	
Communication		2,163	
Dues and Memberships		810	
Operating Lease Payments		1,180	
Postal Charges		1,310	
Travel		1,441	
Other Contracted Services		15,485	
Office Supplies		1,741	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		3,649	
Total Register of Deeds			279,516

Planning

Supervisor/Director	\$	56,917	
Social Security		3,255	
Pensions		5,521	
Life Insurance		614	
Medical Insurance		16,324	
Dental Insurance		1,322	
Employer Medicare		761	
Communication		1,220	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Planning (Cont.)

Dues and Memberships	\$	750	
Operating Lease Payments		1,445	
Maintenance and Repair Services - Vehicles		78	
Postal Charges		378	
Travel		2,405	
Gasoline		153	
Office Supplies		1,750	
Tires and Tubes		721	
Workers' Compensation Insurance		912	
In Service/Staff Development		1,110	
Furniture and Fixtures		719	
Office Equipment		2,657	
Total Planning			\$ 99,012

Codes Compliance

Assistant(s)	\$	49,675	
Supervisor/Director		53,040	
Secretary(ies)		33,683	
Social Security		7,866	
Pensions		13,230	
Life Insurance		538	
Medical Insurance		39,977	
Dental Insurance		2,344	
Employer Medicare		1,840	
Communication		2,361	
Dues and Memberships		455	
Operating Lease Payments		1,236	
Maintenance and Repair Services - Vehicles		1,222	
Postal Charges		213	
Printing, Stationery, and Forms		946	
Gasoline		2,548	
Office Supplies		571	
Uniforms		180	
Workers' Compensation Insurance		2,737	
In Service/Staff Development		200	
Office Equipment		685	
Total Codes Compliance			215,547

Geographical Information Systems

Supervisor/Director	\$	52,606	
Social Security		3,062	
Pensions		4,678	
Life Insurance		179	
Medical Insurance		6,967	
Dental Insurance		781	
Employer Medicare		716	
Printing, Stationery, and Forms		113	

(Continued)



## Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Geographical Information Systems (Cont.)

Other Contracted Services	\$	3,000	
Office Supplies		64	
Workers' Compensation Insurance		912	
Total Geographical Information Systems			\$ 73,078

County Buildings

Supervisor/Director	\$	52,020	
Laborers		330,673	
Overtime Pay		4,316	
Social Security		22,434	
Pensions		37,037	
Life Insurance		2,941	
Medical Insurance		147,019	
Dental Insurance		8,139	
Employer Medicare		5,247	
Communication		20,822	
Dues and Memberships		55	
Operating Lease Payments		3,612	
Maintenance and Repair Services - Buildings		96,037	
Maintenance and Repair Services - Equipment		1,125	
Maintenance and Repair Services - Vehicles		6,513	
Pest Control		5,048	
Other Contracted Services		162,314	
Custodial Supplies		8,813	
Diesel Fuel		1,213	
Duplicating Supplies		10,000	
Gasoline		12,650	
Office Supplies		394	
Tires and Tubes		1,226	
Uniforms		6,276	
Utilities		264,971	
Other Supplies and Materials		199	
Workers' Compensation Insurance		9,123	
In Service/Staff Development		700	
Maintenance Equipment		4,407	
Office Equipment		693	
Total County Buildings			1,226,017

Other General Administration

Legal Notices, Recording, and Court Costs	\$	5,334	
Disposal Fees		6,315	
Building and Contents Insurance		281,215	
Furniture and Fixtures		1,454	
Total Other General Administration			294,318

(Continued)

## Exhibit J-7

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

General Fund (Cont.)FinanceAccounting and Budgeting

Assistant(s)	\$	47,754	
Supervisor/Director		70,263	
Accountants/Bookkeepers		208,329	
Salary Supplements		3,788	
Part-time Personnel		9,516	
Overtime Pay		2,524	
Social Security		20,061	
Pensions		32,212	
Life Insurance		1,941	
Medical Insurance		110,919	
Dental Insurance		6,378	
Employer Medicare		4,692	
Audit Services		14,567	
Communication		1,873	
Consultants		3,250	
Dues and Memberships		150	
Operating Lease Payments		3,980	
Legal Notices, Recording, and Court Costs		520	
Postal Charges		4,156	
Printing, Stationery, and Forms		4,329	
Travel		2,567	
Other Contracted Services		11,439	
Office Supplies		5,572	
Premiums on Corporate Surety Bonds		377	
Workers' Compensation Insurance		7,298	
In Service/Staff Development		2,058	
Furniture and Fixtures		23,294	
Office Equipment		3,369	
Total Accounting and Budgeting			\$ 607,176

Purchasing

Supervisor/Director	\$	57,330
Purchasing Personnel		95,720
Part-time Personnel		16,286
Overtime Pay		1,440
Social Security		9,572
Pensions		14,392
Life Insurance		656
Medical Insurance		30,322
Dental Insurance		1,637
Employer Medicare		2,384
Communication		3,142
Dues and Memberships		861
Operating Lease Payments		1,458
Maintenance and Repair Services - Vehicles		832
Postal Charges		283
Printing, Stationery, and Forms		783

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)Purchasing (Cont.)

Travel	\$	1,749	
Other Contracted Services		6,009	
Gasoline		108	
Office Supplies		2,759	
Premiums on Corporate Surety Bonds		542	
Workers' Compensation Insurance		3,649	
In Service/Staff Development		2,217	
Furniture and Fixtures		4,224	
Office Equipment		3,336	
Total Purchasing			\$ 261,691

Property Assessor's Office

County Official/Administrative Officer	\$	70,263	
Secretary(ies)		159,694	
Educational Incentive - Other County Employees		750	
Social Security		13,335	
Pensions		22,306	
Life Insurance		1,180	
Medical Insurance		43,661	
Dental Insurance		3,830	
Employer Medicare		3,119	
Communication		1,848	
Data Processing Services		8,132	
Dues and Memberships		3,617	
Operating Lease Payments		1,361	
Legal Services		2,253	
Legal Notices, Recording, and Court Costs		100	
Maintenance Agreements		11,672	
Maintenance and Repair Services - Vehicles		481	
Postal Charges		1,311	
Printing, Stationery, and Forms		396	
Travel		2,720	
Other Contracted Services		36,651	
Gasoline		891	
Office Supplies		1,416	
Tires and Tubes		123	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		5,474	
In Service/Staff Development		15	
Furniture and Fixtures		345	
Office Equipment		1,015	
Total Property Assessor's Office			398,134

County Trustee's Office

County Official/Administrative Officer	\$	70,263	
Clerical Personnel		114,962	
Temporary Personnel		4,993	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Overtime Pay	\$	559	
Social Security		11,070	
Pensions		17,646	
Life Insurance		1,063	
Medical Insurance		41,684	
Dental Insurance		2,799	
Unemployment Compensation		6,108	
Employer Medicare		2,589	
Communication		1,617	
Dues and Memberships		585	
Operating Lease Payments		1,231	
Legal Notices, Recording, and Court Costs		96	
Maintenance Agreements		6,463	
Postal Charges		14,133	
Printing, Stationery, and Forms		3,542	
Travel		1,645	
Other Contracted Services		19,199	
Office Supplies		2,605	
Premiums on Corporate Surety Bonds		7,630	
Workers' Compensation Insurance		4,561	
Furniture and Fixtures		666	
Office Equipment		3,338	
Total County Trustee's Office			\$ 341,047

County Clerk's Office

County Official/Administrative Officer	\$	70,263	
Clerical Personnel		211,742	
Temporary Personnel		14,395	
Part-time Personnel		33,798	
Social Security		19,325	
Pensions		27,354	
Life Insurance		1,876	
Medical Insurance		77,808	
Dental Insurance		5,013	
Employer Medicare		4,520	
Communication		2,283	
Dues and Memberships		725	
Operating Lease Payments		8,721	
Postal Charges		12,763	
Printing, Stationery, and Forms		3,098	
Travel		788	
Other Contracted Services		16,470	
Office Supplies		6,050	
Premiums on Corporate Surety Bonds		500	
Workers' Compensation Insurance		7,298	
In Service/Staff Development		35	
Furniture and Fixtures		3,462	
Office Equipment		2,352	
Total County Clerk's Office			530,639

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)Data Processing

Computer Programmer(s)	\$	51,439	
Data Processing Personnel		32,404	
Overtime Pay		86	
Social Security		4,872	
Pensions		8,141	
Life Insurance		337	
Medical Insurance		15,982	
Dental Insurance		1,048	
Employer Medicare		1,139	
Communication		7,623	
Travel		491	
Other Contracted Services		6,551	
Office Supplies		452	
Workers' Compensation Insurance		1,825	
In Service/Staff Development		720	
Data Processing Equipment		12,116	
Office Equipment		1,112	
Total Data Processing			\$ 146,338

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	70,263	
Clerical Personnel		136,738	
Part-time Personnel		14,460	
Overtime Pay		5,688	
Social Security		13,166	
Pensions		20,631	
Life Insurance		1,088	
Medical Insurance		45,120	
Dental Insurance		2,935	
Employer Medicare		3,079	
Communication		1,429	
Dues and Memberships		955	
Operating Lease Payments		3,115	
Postal Charges		2,383	
Printing, Stationery, and Forms		1,845	
Travel		2,381	
Other Contracted Services		13,540	
Office Supplies		4,053	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		4,561	
In Service/Staff Development		750	
Total Circuit Court			348,355

General Sessions Court

Clerical Personnel	\$	265,099
Part-time Personnel		35,944

(Continued)

## Exhibit J-7

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

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

Overtime Pay	\$	8,202	
Social Security		18,008	
Pensions		26,258	
Life Insurance		1,963	
Medical Insurance		70,277	
Dental Insurance		5,226	
Employer Medicare		4,211	
Communication		3,070	
Dues and Memberships		290	
Operating Lease Payments		5,062	
Maintenance Agreements		2,334	
Maintenance and Repair Services - Office Equipment		115	
Postal Charges		6,274	
Printing, Stationery, and Forms		6,415	
Travel		2,158	
Other Contracted Services		15,888	
Office Supplies		8,123	
Workers' Compensation Insurance		9,123	
In Service/Staff Development		728	
Data Processing Equipment		3,648	
Total General Sessions Court			\$ 498,416

General Sessions Judge

County Official/Administrative Officer	\$	280,676	
Clerical Personnel		50,933	
Temporary Personnel		600	
Social Security		18,134	
Pensions		32,166	
Life Insurance		505	
Medical Insurance		23,365	
Dental Insurance		1,749	
Employer Medicare		4,725	
Communication		1,262	
Dues and Memberships		1,520	
Maintenance and Repair Services - Equipment		100	
Printing, Stationery, and Forms		192	
Travel		2,079	
Office Supplies		1,335	
Workers' Compensation Insurance		2,737	
In Service/Staff Development		350	
Office Equipment		269	
Total General Sessions Judge			422,697

Chancery Court

County Official/Administrative Officer	\$	70,263
Clerical Personnel		40,264
Part-time Personnel		29,502

(Continued)

## Exhibit J-7

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

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

Social Security	\$	7,561	
Pensions		10,721	
Life Insurance		551	
Medical Insurance		25,853	
Dental Insurance		2,841	
Employer Medicare		1,959	
Communication		1,369	
Dues and Memberships		725	
Operating Lease Payments		1,230	
Legal Services		348	
Maintenance Agreements		2,240	
Postal Charges		9,609	
Printing, Stationery, and Forms		1,410	
Travel		662	
Other Contracted Services		625	
Office Supplies		571	
Premiums on Corporate Surety Bonds		219	
Workers' Compensation Insurance		1,825	
In Service/Staff Development		100	
Office Equipment		108	
Total Chancery Court			\$ 210,556

Juvenile Court

Supervisor/Director	\$	65,634
Probation Officer(s)		73,978
Secretary(ies)		35,716
Part-time Personnel		13,055
Overtime Pay		12,987
Social Security		12,331
Pensions		18,266
Life Insurance		810
Medical Insurance		23,967
Dental Insurance		1,341
Employer Medicare		2,884
Communication		5,274
Contracts with Government Agencies		600
Dues and Memberships		45
Operating Lease Payments		778
Legal Notices, Recording, and Court Costs		50
Maintenance and Repair Services - Vehicles		668
Medical and Dental Services		175
Postal Charges		49
Printing, Stationery, and Forms		415
Travel		2,023
Other Contracted Services		1,605
Gasoline		278
Office Supplies		1,271

(Continued)

## Exhibit J-7

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

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

Tires and Tubes	\$	109	
Other Supplies and Materials		1,142	
Workers' Compensation Insurance		3,649	
In Service/Staff Development		920	
Furniture and Fixtures		714	
Office Equipment		480	
Total Juvenile Court			\$ 281,214

Judicial Commissioners

Supervisor/Director	\$	21,182	
Part-time Personnel		40,385	
Social Security		3,765	
Pensions		2,922	
Life Insurance		33	
Medical Insurance		2,611	
Dental Insurance		145	
Employer Medicare		881	
Communication		206	
Dues and Memberships		580	
Office Equipment		995	
Total Judicial Commissioners			73,705

Other Administration of Justice

Jury and Witness Expense	\$	12,047	
Communication		316	
Other Contracted Services		896	
Total Other Administration of Justice			13,259

Victim Assistance Programs

Remittance of Revenue Collected	\$	21,927	
Total Victim Assistance Programs			21,927

Public SafetySheriff's Department

County Official/Administrative Officer	\$	82,205	
Assistant(s)		116,251	
Deputy(ies)		1,148,920	
Investigator(s)		141,821	
Captain(s)		51,731	
Lieutenant(s)		95,974	
Sergeant(s)		94,546	
Computer Programmer(s)		43,027	
Salary Supplements		28,200	
Secretary(ies)		32,404	
Clerical Personnel		93,258	
Custodial Personnel		26,913	
Part-time Personnel		53,918	

(Continued)



## Exhibit J-7

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

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

School Resource Officer	\$	377,938	
Overtime Pay		126,583	
Social Security		148,040	
Pensions		320,369	
Life Insurance		10,862	
Medical Insurance		621,954	
Dental Insurance		38,192	
Unemployment Compensation		121	
Employer Medicare		34,711	
Communication		13,810	
Dues and Memberships		2,187	
Operating Lease Payments		2,868	
Legal Services		16,131	
Legal Notices, Recording, and Court Costs		100	
Maintenance Agreements		18,754	
Maintenance and Repair Services - Equipment		1,929	
Maintenance and Repair Services - Vehicles		128,594	
Medical and Dental Services		2,657	
Postal Charges		4,315	
Printing, Stationery, and Forms		2,574	
Towing Services		2,175	
Travel		11,303	
Other Contracted Services		22,656	
Diesel Fuel		539	
Gasoline		157,141	
Office Supplies		5,325	
Tires and Tubes		25,147	
Uniforms		22,462	
Other Supplies and Materials		9,433	
Premiums on Corporate Surety Bonds		125	
Workers' Compensation Insurance		49,264	
In Service/Staff Development		13,161	
Communication Equipment		4,706	
Law Enforcement Equipment		19,480	
Motor Vehicles		1,533	
Office Equipment		16,620	
Total Sheriff's Department			\$ 4,242,927

Special Patrols

Communication	\$	639	
Law Enforcement Supplies		5,394	
Law Enforcement Equipment		11,308	
Total Special Patrols			17,341

Traffic Control

Utilities	\$	2,003	
Total Traffic Control			2,003

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Administration of the Sexual Offender Registry

Office Equipment	\$	2,170	
Total Administration of the Sexual Offender Registry			\$ 2,170

Jail

Lieutenant(s)	\$	47,905	
Guards		854,662	
Cafeteria Personnel		51,149	
Overtime Pay		75,618	
Social Security		61,764	
Pensions		100,683	
Life Insurance		4,916	
Medical Insurance		208,323	
Dental Insurance		12,312	
Employer Medicare		14,445	
Operating Lease Payments		1,860	
Legal Services		4,400	
Maintenance and Repair Services - Equipment		5,684	
Medical and Dental Services		225,929	
Travel		1,240	
Other Contracted Services		2,372	
Custodial Supplies		12,868	
Drugs and Medical Supplies		45,020	
Food Preparation Supplies		3,169	
Food Supplies		197,398	
Office Supplies		4,025	
Uniforms		10,695	
Other Supplies and Materials		19,369	
Workers' Compensation Insurance		24,632	
In Service/Staff Development		920	
Total Jail			1,991,358

Rural Fire Protection

Contributions	\$	181,250	
Total Rural Fire Protection			181,250

Civil Defense

Supervisor/Director	\$	53,061	
Secretary(ies)		32,132	
Social Security		5,101	
Pensions		8,264	
Life Insurance		337	
Medical Insurance		15,237	
Dental Insurance		1,048	
Employer Medicare		1,193	
Communication		3,221	
Dues and Memberships		110	
Operating Lease Payments		969	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Maintenance Agreements	\$	185	
Maintenance and Repair Services - Equipment		1,560	
Maintenance and Repair Services - Vehicles		3,766	
Postal Charges		50	
Printing, Stationery, and Forms		259	
Travel		1,144	
Other Contracted Services		23,522	
Crushed Stone		700	
Diesel Fuel		3,038	
Food Supplies		198	
Gasoline		4,146	
Office Supplies		2,730	
Propane Gas		23	
Tires and Tubes		1,184	
Uniforms		2,362	
Other Supplies and Materials		2,933	
Workers' Compensation Insurance		1,825	
In Service/Staff Development		1,223	
Communication Equipment		9,581	
Furniture and Fixtures		3,036	
Office Equipment		1,950	
Other Equipment		695	
Total Civil Defense			\$ 186,783

Other Emergency Management

Communication Equipment	\$	9,885	
Furniture and Fixtures		6,115	
Total Other Emergency Management			16,000

County Coroner/Medical Examiner

Medical Personnel	\$	9,000	
Other Contracted Services		58,950	
Total County Coroner/Medical Examiner			67,950

Other Public Safety

Medical Insurance	\$	2,517	
Contributions		541,500	
Total Other Public Safety			544,017

Public Health and Welfare

Local Health Center

Life Insurance	\$	96	
Medical Insurance		3,018	
Dental Insurance		325	
Communication		5,326	
Contributions		1,892	
Dues and Memberships		200	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Operating Lease Payments	\$	3,135	
Licenses		60	
Postal Charges		1,170	
Printing, Stationery, and Forms		164	
Travel		1,002	
Other Contracted Services		9,892	
Drugs and Medical Supplies		47,872	
Office Supplies		5,599	
Other Supplies and Materials		410	
Premiums on Corporate Surety Bonds		64	
In Service/Staff Development		1,228	
Furniture and Fixtures		507	
Total Local Health Center			\$ 81,960

Rabies and Animal Control

Supervisor/Director	\$	40,820	
Part-time Personnel		18,911	
Overtime Pay		5,503	
Other Salaries and Wages		102,048	
Social Security		9,899	
Pensions		14,369	
Life Insurance		818	
Medical Insurance		43,279	
Dental Insurance		2,340	
Employer Medicare		2,315	
Communication		3,753	
Operating Lease Payments		438	
Licenses		740	
Maintenance and Repair Services - Vehicles		831	
Postal Charges		43	
Printing, Stationery, and Forms		474	
Travel		1,660	
Veterinary Services		18,512	
Disposal Fees		34	
Animal Food and Supplies		23,816	
Custodial Supplies		3,812	
Gasoline		4,316	
Office Supplies		387	
Uniforms		231	
Utilities		8,260	
Other Supplies and Materials		439	
Workers' Compensation Insurance		4,561	
In Service/Staff Development		315	
Motor Vehicles		795	
Office Equipment		953	
Total Rabies and Animal Control			314,672

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Maternal and Child Health Services

Supervisor/Director	\$	9,294	
Social Security		576	
Pensions		840	
Employer Medicare		135	
Advertising		15,600	
Travel		698	
Other Contracted Services		2,306	
Other Supplies and Materials		14,553	
In Service/Staff Development		1,362	
Total Maternal and Child Health Services			\$ 45,364

Other Local Health Services

Other Salaries and Wages	\$	148,053	
Social Security		8,761	
Pensions		13,282	
Life Insurance		992	
Medical Insurance		50,146	
Dental Insurance		3,392	
Employer Medicare		2,049	
Travel		4,644	
Workers' Compensation Insurance		4,561	
Total Other Local Health Services			235,880

Social, Cultural, and Recreational ServicesAdult Activities

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

Senior Citizens Assistance

Assistant(s)	\$	40,387	
Secretary(ies)		30,916	
Other Salaries and Wages		54,029	
Social Security		7,266	
Pensions		12,157	
Life Insurance		979	
Medical Insurance		21,831	
Dental Insurance		2,401	
Employer Medicare		1,699	
Communication		2,112	
Operating Lease Payments		1,367	
Licenses		1,400	
Maintenance and Repair Services - Vehicles		5,243	
Postal Charges		386	
Printing, Stationery, and Forms		1,199	
Travel		647	
Other Contracted Services		2,094	
Custodial Supplies		410	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Senior Citizens Assistance (Cont.)

Gasoline	\$	1,897	
Office Supplies		4,941	
Tires and Tubes		995	
Utilities		14,487	
Other Supplies and Materials		728	
Workers' Compensation Insurance		3,649	
Furniture and Fixtures		598	
Office Equipment		1,400	
Other Equipment		177	
Total Senior Citizens Assistance			\$ 215,395

Parks and Fair Boards

Contributions	\$	25,000	
Total Parks and Fair Boards			25,000

Agriculture and Natural ResourcesAgricultural Extension Service

Communication	\$	4,258	
Contracts with Government Agencies		109,674	
Operating Lease Payments		1,083	
Other Contracted Services		872	
Office Supplies		1,173	
Office Equipment		1,879	
Total Agricultural Extension Service			118,939

Soil Conservation

Clerical Personnel	\$	12,950	
Social Security		803	
Employer Medicare		188	
Communication		1,398	
Contributions		2,000	
Travel		103	
Total Soil Conservation			17,442

Storm Water Management

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

Other OperationsTourism

Contributions	\$	136,699	
Total Tourism			136,699

Industrial Development

Contributions	\$	162,545	
Dues and Memberships		3,884	
Total Industrial Development			166,429

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Other Operations (Cont.)Housing and Urban Development

Pauper Burials	\$ 3,750	
Total Housing and Urban Development		\$ 3,750

Veterans' Services

Part-time Personnel	\$ 9,993	
Other Salaries and Wages	21,594	
Social Security	1,958	
Employer Medicare	458	
Communication	1,375	
Contributions	1,800	
Operating Lease Payments	373	
Maintenance Agreements	798	
Postal Charges	209	
Printing, Stationery, and Forms	168	
Travel	1,608	
Gasoline	93	
Office Supplies	186	
Other Supplies and Materials	250	
Office Equipment	150	
Total Veterans' Services		41,013

Contributions to Other Agencies

Contributions	\$ 58,100	
Total Contributions to Other Agencies		58,100

Employee Benefits

Employee and Dependent Insurance	\$ 1,086	
Other Contracted Services	660	
Other Charges	178	
Total Employee Benefits		1,924

Miscellaneous

Contracts with Government Agencies	\$ 1,433	
Trustee's Commission	210,161	
Tax Relief Program	89,221	
Total Miscellaneous		300,815

Principal on DebtGeneral Government

Principal on Other Loans	\$ 43,465	
Total General Government		43,465

Total General Fund		\$ 16,285,552
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(Continued)

## Exhibit J-7

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

Courthouse and Jail Maintenance FundPublic SafetyJail

Engineering Services	\$ 16,000	
Total Jail		\$ 16,000

Other OperationsMiscellaneous

Trustee's Commission	\$ 1,269	
Total Miscellaneous		1,269

Capital ProjectsPublic Safety Projects

Engineering Services	\$ 60,362	
Total Public Safety Projects		<u>60,362</u>

Total Courthouse and Jail Maintenance Fund		\$ 77,631
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Law Library FundSocial, Cultural, and Recreational ServicesLibraries

Communication	\$ 2,148	
Postal Charges	64	
Library Books/Media	<u>651</u>	
Total Libraries		\$ 2,863

Other OperationsMiscellaneous

Trustee's Commission	\$ 51	
Total Miscellaneous		<u>51</u>

Total Law Library Fund		2,914
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Public Library FundSocial, Cultural, and Recreational ServicesLibraries

Clerical Personnel	\$ 127,677
Temporary Personnel	4,062
Part-time Personnel	38,725
Social Security	10,287
Pensions	11,950
Life Insurance	774
Medical Insurance	33,059
Dental Insurance	2,589
Employer Medicare	2,410
Communication	4,360
Contributions	10,000
Operating Lease Payments	1,209
Licenses	2,107
Maintenance Agreements	361

(Continued)



## Exhibit J-7

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

Public Library Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Libraries (Cont.)

Maintenance and Repair Services - Office Equipment	\$	265	
Postal Charges		505	
Printing, Stationery, and Forms		659	
Travel		880	
Disposal Fees		622	
Other Contracted Services		3,600	
Custodial Supplies		638	
Food Supplies		140	
Instructional Supplies and Materials		213	
Library Books/Media		21,044	
Office Supplies		3,100	
Periodicals		3,156	
Water and Sewer		576	
Other Supplies and Materials		2,553	
Workers' Compensation Insurance		4,562	
In Service/Staff Development		53	
Furniture and Fixtures		938	
Total Libraries			\$ 293,074

Other OperationsMiscellaneous

Trustee's Commission	\$	4,517	
Total Miscellaneous			4,517

Total Public Library Fund \$ 297,591

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Education/Information

Guards	\$	5,195	
Part-time Personnel		1,410	
Social Security		404	
Pensions		582	
Life Insurance		21	
Medical Insurance		108	
Dental Insurance		7	
Employer Medicare		94	
Maintenance and Repair Services - Vehicles		446	
Travel		283	
Other Contracted Services		15,146	
Diesel Fuel		2,696	
Other Supplies and Materials		13,888	
Total Sanitation Education/Information			\$ 40,280

Convenience Centers

Supervisor/Director	\$	49,000	
Foremen		85,873	

(Continued)

## Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Convenience Centers (Cont.)

Attendants	\$	83,727	
Part-time Personnel		98,307	
Overtime Pay		4,605	
Social Security		18,833	
Pensions		21,495	
Life Insurance		1,616	
Medical Insurance		77,802	
Dental Insurance		4,921	
Employer Medicare		4,436	
Communication		3,224	
Dues and Memberships		212	
Maintenance and Repair Services - Equipment		5,031	
Maintenance and Repair Services - Vehicles		2,190	
Pest Control		1,293	
Postal Charges		20	
Travel		217	
Disposal Fees		127,062	
Other Contracted Services		57,538	
Custodial Supplies		1,430	
Fuel Oil		7	
Gasoline		4,418	
Office Supplies		286	
Propane Gas		4,530	
Tires and Tubes		1,678	
Uniforms		5,205	
Utilities		9,997	
Other Supplies and Materials		2,694	
Workers' Compensation Insurance		7,299	
In Service/Staff Development		134	
Building Construction		24,939	
Building Improvements		6,658	
Solid Waste Equipment		1,469	
Total Convenience Centers			\$ 718,146

Other Waste Collection

Other Contracted Services	\$	22,555	
Total Other Waste Collection			22,555

Other OperationsMiscellaneous

Trustee's Commission	\$	3,882	
Total Miscellaneous			3,882

Total Solid Waste/Sanitation Fund \$ 784,863

(Continued)

## Exhibit J-7

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

Industrial/Economic Development FundOther OperationsIndustrial Development

Other Contracted Services	\$ 5,400	
Total Industrial Development		\$ 5,400

Miscellaneous

Trustee's Commission	\$ 154	
Total Miscellaneous		154

Total Industrial/Economic Development Fund		\$ 5,554
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Drug Control FundPublic SafetyDrug Enforcement

Salary Supplements	\$ 20,000	
Dues and Memberships	1,070	
Other Contracted Services	31,224	
Law Enforcement Supplies	8,084	
Other Supplies and Materials	13,348	
Trustee's Commission	667	
In Service/Staff Development	6,764	
Other Charges	5,000	
Law Enforcement Equipment	20,155	
Total Drug Enforcement		\$ 106,312

Total Drug Control Fund		106,312
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Other Special Revenue FundPublic SafetyDrug Enforcement

Contributions	\$ 500	
Other Supplies and Materials	6,436	
Total Drug Enforcement		\$ 6,936

Total Other Special Revenue Fund		6,936
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Constitutional Officers - Fees FundFinanceCounty Trustee's Office

Constitutional Officers' Operating Expenses	\$ 7,593	
Total County Trustee's Office		\$ 7,593

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 176	
Total County Clerk's Office		176

Administration of JusticeGeneral Sessions Court

Constitutional Officers' Operating Expenses	\$ 6,764	
Total General Sessions Court		6,764

Total Constitutional Officers - Fees Fund		14,533
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(Continued)

## Exhibit J-7

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

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	82,205	
Foremen		56,718	
Mechanic(s)		57,896	
Equipment Operators		159,443	
Truck Drivers		319,847	
Clerical Personnel		34,898	
Temporary Personnel		12,423	
Overtime Pay		24,601	
Dues and Memberships		3,610	
Postal Charges		24	
Printing, Stationery, and Forms		518	
Travel		983	
Office Supplies		3,021	
In Service/Staff Development		848	
Office Equipment		130	
Total Administration			\$ 757,165

Highway and Bridge Maintenance

Rentals	\$	1,378	
Other Contracted Services		33,069	
Asphalt - Cold Mix		4,513	
Asphalt - Hot Mix		572,834	
Concrete		1,191	
Crushed Stone		41,476	
Other Road Materials		5,180	
Pipe		24,100	
Road Signs		9,224	
Salt		23,024	
Chemicals		766	
Other Supplies and Materials		9,008	
Total Highway and Bridge Maintenance			725,763

Operation and Maintenance of Equipment

Maintenance and Repair Services - Equipment	\$	5,896	
Maintenance and Repair Services - Vehicles		16,210	
Rentals		70	
Towing Services		762	
Disposal Fees		2,430	
Diesel Fuel		37,913	
Equipment Parts - Heavy		12,776	
Equipment Parts - Light		78,119	
Gasoline		17,765	
Lubricants		2,538	
Tires and Tubes		19,395	
Other Supplies and Materials		3,909	
Other Charges		18	
Total Operation and Maintenance of Equipment			197,801

(Continued)

## Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Other Charges

Communication	\$	9,351	
Pest Control		353	
Other Contracted Services		1,470	
Custodial Supplies		424	
Drugs and Medical Supplies		330	
Electricity		9,854	
Garage Supplies		3,114	
Ice		336	
Uniforms		14,803	
Liability Insurance		92,425	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		29,253	
Other Charges		1,104	
Total Other Charges			\$ 163,167

Employee Benefits

Social Security	\$	43,984	
Pensions		71,335	
Life Insurance		3,652	
Medical Insurance		177,727	
Dental Insurance		11,041	
Unemployment Compensation		2,362	
Employer Medicare		10,289	
Workers' Compensation Insurance		56,173	
Total Employee Benefits			376,563

Capital Outlay

Matching Share	\$	4,972	
Crushed Stone		3,166	
Highway Equipment		173,010	
State Aid Projects		243,775	
Total Capital Outlay			424,923

Total Highway/Public Works Fund \$ 2,645,382

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$	470,000	
Principal on Notes		37,000	
Principal on Other Loans		614,000	
Total General Government			\$ 1,121,000

Interest on DebtGeneral Government

Interest on Bonds	\$	85,565	
Interest on Notes		14,525	

(Continued)

## Exhibit J-7

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

General Debt Service Fund (Cont.)Interest on Debt (Cont.)General Government (Cont.)

Interest on Other Loans	\$ 22,072	
Total General Government		\$ 122,162

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 24,173	
Other Debt Service	237,427	
Total General Government		261,600

Total General Debt Service Fund		\$ 1,504,762
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Education Debt Service FundPrincipal on DebtEducation

Principal on Bonds	\$ 2,235,000	
Principal on Other Loans	960,300	
Total Education		\$ 3,195,300

Interest on DebtEducation

Interest on Bonds	\$ 1,525,525	
Interest on Other Loans	315,478	
Total Education		1,841,003

Other Debt ServiceEducation

Trustee's Commission	\$ 96,800	
Other Debt Service	2,697	
Total Education		99,497

Total Education Debt Service Fund		5,135,800
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General Capital Projects FundOther OperationsMiscellaneous

Trustee's Commission	\$ 3,472	
Total Miscellaneous		\$ 3,472

Capital ProjectsGeneral Administration Projects

Architects	\$ 18,019
Maintenance and Repair Services - Buildings	159,885
Other Contracted Services	79,486
Asphalt - Hot Mix	26,322
Crushed Stone	8,599
Pipe	2,724
Utilities	418

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

General Administration Projects (Cont.)

Data Processing Equipment	\$	14,173	
Furniture and Fixtures		16,620	
Motor Vehicles		36,299	
Office Equipment		11,730	
Total General Administration Projects			\$ 374,275

Public Safety Projects

Contributions	\$	75,000	
Communication Equipment		92,370	
Motor Vehicles		164,274	
Total Public Safety Projects			331,644

Public Health and Welfare Projects

Motor Vehicles	\$	29,949	
Total Public Health and Welfare Projects			29,949

Social, Cultural, and Recreation Projects

Other Contracted Services	\$	81,300	
Total Social, Cultural, and Recreation Projects			81,300

Agriculture and Natural Resources Projects

Other Contracted Services	\$	2,500	
Total Agriculture and Natural Resources Projects			2,500

Public Utility Projects

Other Contracted Services	\$	293,132	
Total Public Utility Projects			293,132

Other General Government Projects

Other Contracted Services	\$	26,150	
Other Capital Outlay		552	
Total Other General Government Projects			26,702

Highway and Street Capital Projects

Engineering Services	\$	1,358	
Refunds		122	
Total Highway and Street Capital Projects			1,480

Total General Capital Projects Fund \$ 1,144,454

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Asphalt - Hot Mix	\$	357,148	
Trustee's Commission		6,031	
Highway Equipment		60,000	
Motor Vehicles		15,238	
Total Highway and Street Capital Projects			\$ 438,417

Total Highway Capital Projects Fund 438,417

Total Governmental Funds - Primary Government \$ 28,450,701

Exhibit J-8

Loudon County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Loudon County School Department  
For the Year Ended June 30, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	13,427,148	
Career Ladder Program		59,700	
Homebound Teachers		7,475	
Educational Assistants		1,027,950	
Other Salaries and Wages		43,785	
Certified Substitute Teachers		36,296	
Non-certified Substitute Teachers		115,362	
Social Security		873,883	
Pensions		1,285,360	
Employee and Dependent Insurance		2,803	
Life Insurance		67,032	
Medical Insurance		2,148,542	
Dental Insurance		150,376	
Unemployment Compensation		19,848	
Employer Medicare		205,959	
Travel		4,141	
Other Contracted Services		41,045	
Instructional Supplies and Materials		312,703	
Textbooks		429,387	
Other Supplies and Materials		3	
In Service/Staff Development		337	
Other Equipment		585,456	
Total Regular Instruction Program			\$ 20,844,591

Special Education Program

Teachers	\$	1,298,341	
Career Ladder Program		3,000	
Homebound Teachers		9,512	
Educational Assistants		299,390	
Speech Pathologist		142,265	
Other Salaries and Wages		39,994	
Certified Substitute Teachers		4,980	
Non-certified Substitute Teachers		23,384	
Social Security		106,912	
Pensions		148,524	
Employee and Dependent Insurance		657	
Life Insurance		8,040	
Medical Insurance		286,372	
Dental Insurance		16,817	
Employer Medicare		25,412	
Other Contracted Services		155,081	
Instructional Supplies and Materials		55,793	
Special Education Equipment		162,717	
Total Special Education Program			2,787,191

(Continued)



## Exhibit J-8

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

General Purpose School Fund (Cont.)Instruction (Cont.)Vocational Education Program

Teachers	\$	643,432	
Career Ladder Program		5,000	
Educational Assistants		19,612	
Certified Substitute Teachers		180	
Non-certified Substitute Teachers		6,452	
Social Security		40,350	
Pensions		60,351	
Employee and Dependent Insurance		173	
Life Insurance		2,777	
Medical Insurance		120,562	
Dental Insurance		5,820	
Employer Medicare		9,460	
Maintenance and Repair Services - Equipment		5,544	
Travel		3,332	
Gasoline		27	
Instructional Supplies and Materials		62,706	
Other Equipment		58,750	
Total Vocational Education Program			\$ 1,044,528

Support ServicesHealth Services

Supervisor/Director	\$	48,162	
Medical Personnel		195,787	
Other Salaries and Wages		67,893	
Social Security		18,957	
Pensions		28,174	
Employee and Dependent Insurance		101	
Life Insurance		1,814	
Medical Insurance		43,509	
Dental Insurance		2,395	
Employer Medicare		4,434	
Travel		2,693	
Other Contracted Services		8,115	
Drugs and Medical Supplies		2,844	
Office Supplies		90	
Other Supplies and Materials		3,980	
In Service/Staff Development		5,323	
Health Equipment		1,388	
Total Health Services			435,659

Other Student Support

Career Ladder Program	\$	2,500	
Guidance Personnel		661,305	
Clerical Personnel		137,503	
Other Salaries and Wages		25,895	
Social Security		49,366	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Pensions	\$	75,680	
Employee and Dependent Insurance		101	
Life Insurance		3,328	
Medical Insurance		129,608	
Dental Insurance		6,342	
Employer Medicare		11,545	
Evaluation and Testing		7,700	
Travel		4,532	
Other Equipment		25,575	
Total Other Student Support			\$ 1,140,980

Regular Instruction Program

Supervisor/Director	\$	225,108	
Career Ladder Program		4,000	
Librarians		458,920	
Secretary(ies)		264,681	
Social Security		55,216	
Pensions		86,904	
Employee and Dependent Insurance		464	
Life Insurance		5,532	
Medical Insurance		182,022	
Dental Insurance		11,627	
Employer Medicare		13,069	
Travel		9,198	
Library Books/Media		51,563	
In Service/Staff Development		46,933	
Total Regular Instruction Program			1,415,237

Special Education Program

Supervisor/Director	\$	26,436	
Career Ladder Program		1,000	
Psychological Personnel		192,399	
Speech Pathologist		53,523	
Social Security		16,365	
Pensions		24,642	
Employee and Dependent Insurance		203	
Life Insurance		1,364	
Medical Insurance		48,323	
Dental Insurance		2,788	
Employer Medicare		3,827	
Travel		11,586	
Total Special Education Program			382,456

Vocational Education Program

Supervisor/Director	\$	72,381
Clerical Personnel		38,426

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Vocational Education Program (Cont.)

Social Security	\$	6,797	
Pensions		10,271	
Employee and Dependent Insurance		101	
Life Insurance		546	
Medical Insurance		13,477	
Dental Insurance		1,130	
Employer Medicare		1,590	
In Service/Staff Development		204	
Total Vocational Education Program			\$ 144,923

Other Programs

On-behalf Payments to OPEB	\$	180,637	
Total Other Programs			180,637

Board of Education

Board and Committee Members Fees	\$	36,240	
Social Security		2,247	
Pensions		1,746	
Life Insurance		1,443	
Dental Insurance		2,083	
Employer Medicare		525	
Audit Services		12,000	
Legal Services		19,566	
Travel		25,617	
Liability Insurance		24,203	
Premiums on Corporate Surety Bonds		350	
Refunds		24,525	
Trustee's Commission		302,697	
Workers' Compensation Insurance		208,940	
Other Charges		2,500	
Total Board of Education			664,682

Director of Schools

County Official/Administrative Officer	\$	126,000	
Career Ladder Program		1,000	
Secretary(ies)		37,947	
Other Salaries and Wages		7,200	
Social Security		10,025	
Pensions		15,813	
Employee and Dependent Insurance		101	
Life Insurance		483	
Medical Insurance		17,495	
Dental Insurance		1,469	
Employer Medicare		2,491	
Advertising		601	
Communication		37,787	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Dues and Memberships	\$	14,214	
Postal Charges		2,568	
Travel		4,283	
Other Contracted Services		31,760	
Office Supplies		5,229	
Other Charges		1,370	
Total Director of Schools			\$ 317,836

Office of the Principal

Principals	\$	706,151	
Career Ladder Program		5,500	
Social Security		43,067	
Pensions		64,334	
Employee and Dependent Insurance		173	
Life Insurance		2,626	
Medical Insurance		74,438	
Dental Insurance		6,480	
Employer Medicare		10,088	
Communication		93,666	
Postal Charges		4,219	
Travel		9,696	
Other Contracted Services		10,000	
Uniforms		1,500	
Other Supplies and Materials		14,199	
Other Charges		14,356	
Other Equipment		17,677	
Total Office of the Principal			1,078,170

Fiscal Services

Accountants/Bookkeepers	\$	54,271	
Social Security		3,219	
Pensions		5,264	
Life Insurance		260	
Medical Insurance		7,173	
Dental Insurance		347	
Employer Medicare		753	
Travel		1,459	
Total Fiscal Services			72,746

Operation of Plant

Custodial Personnel	\$	31,811	
Social Security		1,972	
Pensions		3,086	
Employee and Dependent Insurance		274	
Life Insurance		843	
Medical Insurance		6,489	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Operation of Plant (Cont.)

Dental Insurance	\$	2,449	
Employer Medicare		461	
Other Contracted Services		1,234,749	
Electricity		1,065,786	
Gasoline		212	
Natural Gas		66,562	
Water and Sewer		122,619	
Building and Contents Insurance		331,639	
Other Equipment		18,500	
Total Operation of Plant			\$ 2,887,452

Maintenance of Plant

Engineering Services	\$	4,500	
Maintenance and Repair Services - Buildings		526,634	
Total Maintenance of Plant			531,134

Transportation

Supervisor/Director	\$	49,664	
Social Security		2,671	
Pensions		4,817	
Life Insurance		177	
Medical Insurance		11,437	
Dental Insurance		347	
Employer Medicare		625	
Contracts with Parents		7,205	
Contracts with Vehicle Owners		1,527,272	
Maintenance and Repair Services - Equipment		9,396	
Medical and Dental Services		1,806	
Travel		35	
Other Contracted Services		2,057	
Office Supplies		1,900	
In Service/Staff Development		2,626	
Other Charges		1,202	
Other Equipment		272	
Total Transportation			1,623,509

Central and Other

Supervisor/Director	\$	88,121	
Career Ladder Program		1,000	
Computer Programmer(s)		178,142	
Social Security		15,546	
Pensions		25,336	
Life Insurance		885	
Medical Insurance		52,184	
Dental Insurance		2,155	
Employer Medicare		3,636	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Maintenance and Repair Services - Equipment	\$	641,037	
Travel		12,046	
Other Contracted Services		7,247	
Other Supplies and Materials		2,694	
In Service/Staff Development		3,454	
Data Processing Equipment		50,310	
Other Equipment		89,016	
Total Central and Other			\$ 1,172,809

Operation of Non-Instructional Services

Community Services

Educational Assistants	\$	279,889	
Social Security		17,330	
Pensions		22,807	
Life Insurance		443	
Medical Insurance		9,438	
Dental Insurance		1,270	
Employer Medicare		4,057	
Travel		2,356	
Other Contracted Services		1,666	
Food Supplies		2,184	
Other Supplies and Materials		31,049	
In Service/Staff Development		1,166	
Other Charges		20	
Other Equipment		694	
Total Community Services			374,369

Early Childhood Education

Teachers	\$	363,327	
Educational Assistants		139,573	
Certified Substitute Teachers		270	
Non-certified Substitute Teachers		7,089	
Social Security		30,327	
Pensions		45,231	
Employee and Dependent Insurance		259	
Life Insurance		3,085	
Medical Insurance		79,962	
Dental Insurance		5,220	
Employer Medicare		7,093	
Contracts with Other School Systems		78,294	
Instructional Supplies and Materials		5,828	
In Service/Staff Development		3,119	
Other Charges		420	
Other Equipment		8,039	
Total Early Childhood Education			777,136

Total General Purpose School Fund \$ 37,876,045  
(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	379,148	
Educational Assistants		58,838	
Other Salaries and Wages		2,000	
Certified Substitute Teachers		2,460	
Non-certified Substitute Teachers		9,358	
Social Security		27,863	
Pensions		35,945	
Life Insurance		1,622	
Medical Insurance		47,365	
Dental Insurance		2,228	
Employer Medicare		6,530	
Instructional Supplies and Materials		22,790	
Regular Instruction Equipment		131,354	
Total Regular Instruction Program			\$ 727,501

Special Education Program

Teachers	\$	37,248	
Educational Assistants		407,884	
Social Security		25,280	
Pensions		28,771	
Life Insurance		2,434	
Medical Insurance		103,048	
Dental Insurance		4,360	
Employer Medicare		5,912	
Instructional Supplies and Materials		767	
Total Special Education Program			615,704

Vocational Education Program

Teachers	\$	6,000	
Social Security		372	
Pensions		542	
Employer Medicare		87	
Other Supplies and Materials		9,999	
Vocational Instruction Equipment		129,938	
Total Vocational Education Program			146,938

Support Services

Other Student Support

Other Salaries and Wages	\$	18,498	
Social Security		1,138	
Pensions		1,794	
Employer Medicare		266	
Travel		3,000	
Other Contracted Services		1,500	
In Service/Staff Development		10,200	
Other Charges		7,021	
Total Other Student Support			43,417

(Continued)

## Exhibit J-8

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Regular Instruction Program

Supervisor/Director	\$	59,140	
Secretary(ies)		19,213	
Other Salaries and Wages		92,442	
Social Security		10,589	
Pensions		15,566	
Life Insurance		221	
Medical Insurance		8,231	
Dental Insurance		434	
Employer Medicare		2,477	
Travel		6,202	
Other Supplies and Materials		280	
In Service/Staff Development		44,871	
Other Equipment		5,389	
Total Regular Instruction Program			\$ 265,055

Special Education Program

Supervisor/Director	\$	61,685	
Secretary(ies)		38,426	
Other Salaries and Wages		59,667	
Social Security		9,820	
Pensions		14,698	
Life Insurance		339	
Medical Insurance		12,935	
Dental Insurance		665	
Employer Medicare		2,297	
Other Contracted Services		34,565	
Other Supplies and Materials		3,229	
In Service/Staff Development		35,481	
Total Special Education Program			273,807

Vocational Education Program

Travel	\$	3,419	
In Service/Staff Development		3,500	
Total Vocational Education Program			6,919

Total School Federal Projects Fund \$ 2,079,341

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	57,905
Secretary(ies)		33,724
Cafeteria Personnel		803,153
Social Security		52,569
Pensions		67,626
Employee and Dependent Insurance		101

(Continued)



## Exhibit J-8

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

Central Cafeteria Fund (Cont.)Operation of Non-Instructional Services (Cont.)Food Service (Cont.)

Life Insurance	\$	5,965	
Medical Insurance		176,130	
Dental Insurance		10,737	
Employer Medicare		12,297	
Dues and Memberships		720	
Maintenance Agreements		11,359	
Maintenance and Repair Services - Equipment		26,094	
Travel		6,120	
Other Contracted Services		2,390	
Food Supplies		1,131,533	
Office Supplies		1,967	
Uniforms		517	
Other Supplies and Materials		103,178	
In Service/Staff Development		2,351	
Other Charges		458	
Food Service Equipment		<u>5,432</u>	
Total Food Service			<u>\$ 2,512,326</u>

Total Central Cafeteria Fund \$ 2,512,326

Education Capital Projects FundCapital ProjectsEducation Capital Projects

Architects	\$	27,000	
Engineering Services		251,169	
Legal Services		4,760	
Maintenance and Repair Services - Buildings		29,817	
Other Contracted Services		99,396	
Crushed Stone		17,147	
Other Charges		25,669	
Building Construction		2,602,225	
Building Improvements		108,645	
Other Equipment		<u>31,683</u>	
Total Education Capital Projects			<u>\$ 3,197,511</u>

Total Education Capital Projects Fund 3,197,511

Total Governmental Funds - Loudon County School Department \$ 45,665,223

Exhibit J-9

Loudon County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2016

	Cities - Sales Tax Fund	City School ADA - Lenoir City Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 5,351,469	\$ 5,351,469
Trustee's Collections - Prior Years	0	135,013	135,013
Trustee's Collections - Bankruptcy	0	21,846	21,846
Circuit/Clerk and Master Collections - Prior Years	0	85,394	85,394
Interest and Penalty	0	30,491	30,491
Local Option Sales Tax	4,450,406	1,899,243	6,349,649
Adequate Facilities/Development Tax	0	105,006	105,006
Interstate Telecommunications Tax	0	2,464	2,464
Mixed Drink Tax	0	0	0
Bank Excise Tax	0	9,308	9,308
Total Cash Receipts	\$ 4,450,406	\$ 7,640,234	\$ 12,090,640
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,405,902	\$ 7,522,660	\$ 11,928,562
Trustee's Commission	44,504	132,833	177,337
Total Cash Disbursements	\$ 4,450,406	\$ 7,655,493	\$ 12,105,899
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ (15,259)	\$ (15,259)
Cash Balance, July 1, 2015	0	224,232	224,232
Cash Balance, June 30, 2016	\$ 0	\$ 208,973	\$ 208,973

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## SINGLE AUDIT SECTION

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

**Independent Auditor's Report 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***

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2016, and the related notes to the financial statements, which collectively comprise Loudon County's basic financial statements, and have issued our report thereon dated January 18, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Loudon County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Loudon County's internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2016-001(C,D), and 2016-003.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Loudon County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2016-001(A,B), and 2016-002.

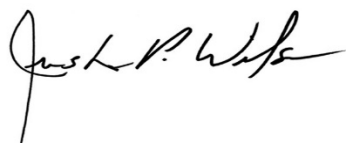
### **Loudon County's Responses to the Findings**

Loudon County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Loudon County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Loudon County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 18, 2017

JPW/kp



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

**Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Loudon County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Loudon County's major federal programs for the year ended June 30, 2016. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Loudon County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Loudon County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Loudon County complied, in all material respects, with the types of compliance 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, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-004. Our opinion on each major federal program is not modified with respect to this matter.

Loudon County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Loudon County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Loudon County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Loudon County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

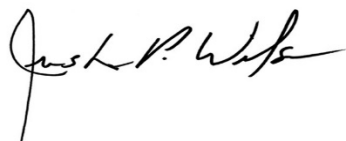
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2016, and the related notes to the financial statements, which collectively comprise Loudon County's basic financial statements. We issued our report thereon dated January 18, 2017, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 18, 2017

JPW/kp



Loudon County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year-Ended June 30, 2016

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities Letter of Credit)	10.555	N/A	\$ 153,246 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	367,710
National School Lunch Program	10.555	N/A	1,157,063 (4)
Healthy, Hunger-Free Kids Act of 2010 Childhood Hunger Research and and Demonstration Projects	10.592	N/A	4,048
Passed-through East Tennessee Human Resource Agency, Inc.:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	21,140
Passed-through State Department of Human Services:			
Special Supplement Nutrition Program for Women, Infants, and Children	10.557	N/A	63,070
Total U.S. Department of Agriculture			<u>\$ 1,766,277</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.U01	(3)	<u>\$ 124,921</u>
Total U.S. Department of Defense			<u>\$ 124,921</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(3)	<u>\$ 273,433</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 273,433</u>
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Program	16.922	(3)	<u>\$ 6,936</u>
Total U.S. Department of Justice			<u>\$ 6,936</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(3)	\$ 81,471
Passed-through Governor's Highway Safety Office:			
Alcohol Open Container Requirements	20.607	(3)	9,246
National Priority Safety Programs	20.616	(3)	5,655
Total U.S. Department of Transportation			<u>\$ 96,372</u>
U.S. Department of Energy:			
Passed-through State Department of Military:			
Environmental Monitoring/Cleanup, Cultural and Resource Management, Emergency Response Research, Outreach, Technical Analysis	81.214	N/A	<u>\$ 16,000</u>
Total U.S. Department of Energy			<u>\$ 16,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 905,098
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	931,798
Special Education - Preschool Grants	84.173	N/A	13,212
Career and Technical Education-Basic Grants to States	84.048	N/A	168,557
Twenty First Century Community Learning Centers	84.287	N/A	123,216
English Language Acquisition Grants	84.365	N/A	23,410
Improving Teacher Quality State Grants	84.367	N/A	92,766
Total U.S. Department of Education			<u>\$ 2,258,057</u>

(Continued)

Loudon County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor 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:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	\$ 39,432
Passed-through State Department of Health and Human Services:			
Family Planning Services	93.217	N/A	15,668
Medical Assistance Program	93.778	N/A	26,984
HIV Prevention Activities - Health Department Based	93.940	N/A	2,125
Maternal and Child Health Services Block Grant to States	93.994	N/A	7,497
Total U.S. Department of Health and Human Services			<u>\$ 91,706</u>
Executive Office of the President:			
Direct Program:			
High Intensity Drug Trafficking Areas Program	95.001	N/A	\$ 9,076
Total Executive Office of the President			<u>\$ 9,076</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance Grants	97.036	(3)	\$ 103,697
Emergency Management Performance Grants	97.042	(3)	39,500
Total U.S. Department of Homeland Security			<u>\$ 143,197</u>
Total Expenditures of Federal Grants			<u>\$ 4,785,975</u>
		Contract Number	
State Grants			
Juvenile Services Program - State Children's Services Commission	N/A	(3)	\$ 10,170
Litter Program - State Department of Transportation	N/A	(3)	40,257
Law Enforcement Training Program	N/A	(3)	28,200
Health Department Grants - State Department of Health	N/A	(3)	124,675
Tobacco Cessation Grant - State Department of Health	N/A	(3)	17,003
Early Childhood Education - State Department of Education	N/A	(3)	771,443
Internet Connectivity Grant - State Department of Education	N/A	(3)	12,710
Coordinated School Health Program	N/A	(3)	162,298
Family Resource Centers - State Department of Education	N/A	(3)	29,612
Safe Schools Act - State Department of Education	N/A	(3)	22,160
Total State Grants			<u>\$ 1,218,528</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) Loudon County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.  
(3) Information not available.  
(4) Total for CFDA No. 10.555 is \$1,310,309.

Loudon County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2016

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Loudon County, Tennessee, for the year ended June 30, 2016

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	219	2015-001	Expenditures Exceeded Appropriations	N/A	Corrected
2015	219	2015-002	Paid Lunch Prices did not Meet Federal Requirements of the School Nutrition Program	10.553, 10.555 10.559	Not Corrected - See Explanation on Corrective Action Plan
2015	220	2015-003	Duties were not Segregated Adequately in the Office of Sheriff	N/A	Not Corrected - See Explanation on Corrective Action Plan

***Prior-year Federal Awards Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	221	2015-004	Paid Lunch Prices did not Meet Federal Requirements of the School Nutrition Program	10.553, 10.555 10.559	Not Corrected - See Explanation on Corrective Action Plan

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**LOUDON COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

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

**Financial Statements:**

1. Our report on the financial statements of Loudon County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **YES**
7. Identification of Major Federal Programs:
  - \* CFDA Numbers: 10.553, 10.555, and 10.559      Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
  - \* CFDA Number: 14.228      Community Development Block Grant/State's Programs
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

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

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written response are paraphrased and presented following each finding and recommendation. The county mayor, director of schools, and sheriff provided corrective action plans for these findings, which are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report.

Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

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

#### **FINDING 2016-001**

#### **THE ANIMAL SHELTER HAD ACCOUNTING DEFICIENCIES**

(A. and B. – Noncompliance Under *Government Auditing Standards*; C. and D. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our audit disclosed the following accounting deficiencies at the Animal Shelter. These deficiencies resulted from a lack of management oversight.

- A. As part of our audit procedures for obtaining reasonable assurance that funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated (TCA)*, we judgmentally selected 18 deposits to compare with receipts. The Animal Shelter did not deposit some funds with the county trustee within three days of collection in 17 of the 18 deposits tested. The delay in depositing funds increases the risks of fraud and misappropriation.
- B. The Animal Shelter did not issue official receipts for collections as required by Section 9-2-104, *TCA*. Instead, the office used generic receipts that did not reflect the name of the office. The use of generic receipts exposes the office to risks that collections may not be accounted for properly.
- C. Multiple employees operated from the same cash drawer at the Animal Shelter. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regime greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer.
- D. Funds received for donations and at weekend adoption events were not receipted and deposited properly as required by Section 9-2-103, *TCA*.

Donations received for the adoption fee of specific animals were not receipted. These donations were placed in an envelope and subsequently placed in a drawer. It was noted during the audit that one envelope found in the drawer was meant to be used for the adoption of a specific dog, but the dog had been euthanized seven months earlier. For off-site weekend adoption events, receipts were not issued at the time of collection for adoption and testing fees. The employee that worked the event did not receipt these funds until the next time they were scheduled to work during the normal business week. Furthermore, these funds were taken home by the employee until their next scheduled work day. Since receipts were not issued at the time of collection, we were unable to determine how many days had elapsed between the receipt of the funds and their deposit.

## RECOMMENDATION

Official receipts should be issued for all collections, and all collections should be deposited with the county trustee within three days. Each employee should be assigned their own cash drawer. Employees should not take county funds home.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with the audit findings for the fiscal year June 30, 2016, as they pertain to the Loudon County Animal Shelter.

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## OFFICE OF DIRECTOR OF SCHOOLS

### FINDING 2016-002

### **LUNCH PRICES DID NOT MEET FEDERAL REQUIREMENTS OF THE SCHOOL NUTRITION PROGRAM**

(Noncompliance Under *Government Auditing Standards* and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)).

As part of our examination for compliance with major grant programs and our procedures for following up on prior-year findings and their related corrective action plans, we noted a deficiency in the pricing of lunches, which was set by the Loudon County Board of Education. *Regulation 7, Code of Federal Regulations (CFR) 210.14(e)* requires that local school food authorities calculate and establish prices for lunches in accordance with specific guidelines. A school department currently charging less for a lunch than the difference between the federal reimbursement rate for such a lunch and that for a free lunch is required to comply by either (a) raising prices charged for lunches or (b) through contributions from other non-federal sources. These calculations resulted in a recommended price increase of \$0.28 per lunch for school year 2015-16. However, these same federal guidelines cap the required price increase at \$0.10 per lunch per year. The food services supervisor presented a recommended price increase to the Board of Education at the June 12, 2014, meeting, and again at the June 11, 2015, meeting. However, the Board of Education failed to approve the recommended increase and did not provide contributions from other non-federal sources as required by the federal regulations. The Board of Education also failed to correct the finding noted in the

prior-year audit report. These deficiencies could result in reduced federal funding for the School Nutrition Program and declining fund balances in the Central Cafeteria Fund. It should be noted that at the June 9, 2016, meeting, the Board of Education approved a lunch price increase of \$0.15 effective for school year 2016-17.

#### **RECOMMENDATION**

The Board of Education should ensure it complies with federal guidelines for lunch prices.

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#### **MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS**

We concur with the audit finding 2016-002, Lunch prices did not meet federal requirements of the school nutrition program. We understand that federal guidelines require our system to establish uniform methods in which to charge meal prices to students that are in compliance and in line with federal meal prices.

At the June 9, 2016, school board meeting, the board approved a motion to adjust meal prices by raising the price 15 cents. At that same meeting the board discussed taking the same action for the next two years in order to be in compliance with state and federal regulations. It is my office's intention to recommend this practice to the board at the June 2017 and June 2018 school board meetings. I believe if we make the recommendation and the board approves said item, then the board of education will be in compliance and good standing with the regulation.

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#### **OFFICE OF SHERIFF**

##### **FINDING 2016-003**

##### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the official and employees in the Office of Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give 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 decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

#### **RECOMMENDATION**

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

#### **MANAGEMENT'S RESPONSE – SHERIFF**

We concur with this finding. This finding has now been corrected by implementing the internal controls policy dated 6/1/2016.

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

Findings and recommendations, as a result of our audit of federal awards of Loudon County, Tennessee, for the year ended June 30, 2016, are presented below. Our audit followed audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

We reviewed this finding and recommendation with federal program management to provide an opportunity for their response. Responses and/or corrective action plans for all findings, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan section of this report.

Findings relating specifically to the audit of the financial statements of Loudon County, Tennessee, are separately presented under Part II, Findings Relating to the Financial Statements.

#### FINDING 2016-004

#### **LUNCH PRICES DID NOT MEET FEDERAL REQUIREMENTS OF THE SCHOOL NUTRITION PROGRAM**

(Noncompliance Under *Government Auditing Standards* and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Entity	Loudon County, Tennessee
Repeat Finding Number	N/A
CFDA Number	10.553, 10.555, and 10.559
CFDA Title	Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
Federal Agency	U.S. Department of Agriculture
State Pass-Through Agency	State Department of Education and State Department of Agriculture
Grant/Contract Number	N/A
Federal Award Year(s)	2016
Finding Type	Noncompliance
Compliance Requirement	N. Special Tests and Provisions – Paid Lunch Equity
Known Questioned Costs	N/A

As part of our examination for compliance with major grant programs and our procedures for following up on prior-year findings and their related corrective action plans, we noted a deficiency in the pricing of lunches, which was set by the Loudon County Board of Education. *Regulation 7, Code of Federal Regulations (CFR) 210.14(e)* requires that local school food authorities calculate and establish prices for lunches in accordance with specific guidelines. A school department currently charging less for a lunch than the difference



between the federal reimbursement rate for such a lunch and that for a free lunch is required to comply by either (a) raising prices charged for lunches or (b) through contributions from other non-federal sources. These calculations resulted in a recommended price increase of \$0.28 per lunch for school year 2015-16. However, these same federal guidelines cap the required price increase at \$0.10 per lunch per year. The food services supervisor presented a recommended price increase to the Board of Education at the June 12, 2014, meeting, and again at the June 11, 2015, meeting. However, the Board of Education failed to approve the recommended increase and did not provide contributions from other non-federal sources as required by the federal regulations. The Board of Education also failed to correct the finding noted in the prior-year audit report. These deficiencies could result in reduced federal funding for the School Nutrition Program and declining fund balances in the Central Cafeteria Fund. It should be noted that at the June 9, 2016, meeting, the Board of Education approved a lunch price increase of \$0.15 effective for school year 2016-17.

### RECOMMENDATION

The Board of Education should ensure it complies with federal guidelines for lunch prices.

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### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We concur with the audit finding 2016-004, that lunch prices did not meet federal requirements of the school nutrition program. We understand that federal guidelines require our system to establish uniform methods in which to charge meal prices to students that are in compliance and in line with federal meal prices.

At the June 9, 2016, school board meeting, the board approved a motion to adjust meal prices by raising the price 15 cents. At that same meeting the board discussed taking the same action for the next two years in order to be in compliance with state and federal regulations. It is my office's intention to recommend this practice to the board at the June 2017 and June 2018 school board meetings. I believe if we make the recommendation and the board approves said item, then the board of education will be in compliance and good standing with the regulation.

**Loudon County, Tennessee  
Management's Corrective Action Plan  
For the Year Ended June 30, 2016**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

**Corrective Action - Financial Statement Findings**

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

**FINDING 2016-001                      **THE ANIMAL SHELTER HAD ACCOUNTING DEFICIENCIES****

Response and Corrective Action Plan Prepared by:	Rollen Bradshaw, County Mayor, Loudon County, Tennessee
Person Responsible for Implementing the Corrective Action:	Miracle Nichols
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY:	N/A

**Planned Corrective Action:**

Under item A, the shelter now performs money deposits every three days. Prior, employees waited until the receipt log was full before doing a deposit.

Under item B, the shelter now has special ordered, specific receipts to issue with any transaction. Using generic receipts is prohibited.

Under item C, there are no longer multiple employees using the same cash drawer. There is one cash drawer and one employee responsible for the monetary transactions for a given day. The cash drawer is counted by two different employees at the beginning and end of each shift to insure accuracy.

Under item D, any donation or adoption fees received at an off-site event are deposited the same day/night into the safe of the Animal Shelter. There are budget lines that allow donations to be used for specific use at the shelter. The creation of the budget lines by resolution of the Loudon County Commission allows accuracy in receiving and usage of donated funds. This prevents any "loose" cash from being present at the shelter.

## **OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 2016-002**

### **LUNCH PRICES DID NOT MEET FEDERAL REQUIREMENTS OF THE SCHOOL NUTRITION PROGRAM**

Response and Corrective Action Plan Prepared by: Jason Vance, Director of Schools, Loudon County, Tennessee

Person Responsible for Implementing the Corrective Action: Loudon County Board of Education

Anticipated Completion Date of Corrective Action: June 14, 2018

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY:

The board has struggled to raise meal prices due to concerns with families that struggle to financially support this initiative. They believe there needs to be a balance between raising meal prices and families' ability to pay. However, this year at the June 9, 2016, school board meeting, the board raised meal prices 15 cents for the 2016 - 2017 school year. They followed the motion with discussion about raising the prices the following two years in order to be in compliance with state and federal regulations.

#### **Planned Corrective Action:**

The board of education has expressed interest in raising meal prices 15 cents for the two upcoming years consisting of 2017-2018 and 2018-2019.

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## **OFFICE OF SHERIFF**

**FINDING 2016-003**

### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

Response and Corrective Action Plan Prepared by: Tim Guider, Sheriff of Loudon County, Tennessee

Person Responsible for Implementing the Corrective Action: Chief Deputy Jimmy Davis

Anticipated Completion Date of Corrective Action: July 1, 2016

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: Lack of adequate personnel to segregate the duties.

#### **Planned Corrective Action:**

Segregation of duties were assessed during the implementation of the internal controls policy and extra controls were implemented to provide segregation of duties.

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**Corrective Action - Federal Award Findings**

**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 2016-004**

**LUNCH PRICES DID NOT MEET FEDERAL  
REQUIREMENTS OF THE SCHOOL NUTRITION  
PROGRAM**

Response and Corrective Action Plan Prepared by:

Jason Vance, Director of  
Schools, Loudon County,  
Tennessee

Person Responsible for Implementing the Corrective Action:

Loudon County Board of  
Education

Anticipated Completion Date of Corrective Action:

June 14, 2018

Repeat Finding:

Yes

Reason Why Corrective Action was Not Taken – PY:

The board has struggled to raise meal prices due to concerns with families that struggle to financially support this initiative. They believe there needs to be a balance between raising meal prices and families' ability to pay. However, this year at the June 9, 2016, school board meeting, the board raised meal prices 15 cents for the 2016 - 2017 school year. They followed the motion with discussion about raising the prices the following two years in order to be in compliance with state and federal regulations.

**Planned Corrective Action:**

The board of education has expressed interest in raising meal prices 15 cents for the two upcoming years consisting of 2017-2018 and 2018-2019.

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