

# LOUDON COUNTY COMMISSION

Monday, June 28, 2010

Courthouse Annex

6:00 pm

## PUBLIC HEARING

1. **Loudon County Planning and Codes Director - Russ Newman**
  - a. A Resolution Amending the Zoning Map of Loudon County, Tennessee, Pursuant to Chapter Seven, § 13-7-105 of the Tennessee Code Annotated, to Rezone Approximately 8.8 Acres from R-1 (Suburban-Residential) to A-2 (Rural- Residential). Referenced by Tax Map 5, Part of Parcel 105.00, Located on Waller Ferry Road at the Northeast Intersection of Hwy 321 North, 5th Legislative District.

## REGULAR MEETING

1. **Opening of Meeting, Pledge of Allegiance, and Invocation**
2. **Roll Call**
3. **Adoption of Agenda - June 28, 2010**
4. **Reading and Acceptance of June 7, 2010 Commission Minutes**
5. **This is the time for any visitor or delegation to come forward and state the business for which he/she may wish to address concerning any item of interest on the planned agenda.**
6. **Reports of County Officials, Departments and Committees:**
  - A. **Kramer & Rayson Attorneys - Bob Bowman**
    1. Class Action Lawsuit
  - B. **Loudon County Mayor - Doyle Arp**
    1. Consideration of Approving a Resolution to Affirm Compliance with Federal Title VI Regulations.
    2. Consideration of Approving a Resolution to Adopt the Strategic Economic Development Plan.
    3. Consideration of Adopting the Five Year Asset Based Strategic Economic Development Plan 2010-2014.
    4. Consideration of Adopting a Resolution for Loudon County Hospital Advisory Board Appointments.

**C. Loudon County Planning and Codes Director - Russ Newman**

1. A Resolution Amending the Zoning Map of Loudon County, Tennessee, Pursuant to Chapter Seven, § 13-7-105 of the Tennessee Code Annotated, to Rezone Approximately 8.8 Acres from R-1 (Suburban-Residential) to A-2 (Rural- Residential). Referenced by Tax Map 5, Part of Parcel 105.00, Located on Waller Ferry Road at the Northeast Intersection of Hwy 321 North, 5th Legislative District.

**D. Economic Development Agency Director - Pat Phillips**

1. Consideration of Approving a Resolution to Participate in the Retiree Tennessee Program through the Tennessee Department of Economic and Community Development.

**E. Loudon County Commissioner - David Meers**

1. Consideration of a Letter of Inquiry to State on Storm Water Runoff.

**F. Loudon County Budget Director - Tracy Blair**

FY 2009-2010:

1. Consideration of Adopting a Resolution to Amend the Capital Asset Policy to Implement GASB Statement 51, Accounting and Financial Reporting for Intangible Assets.
2. Consideration of Approving Budget Amendments in the Following Funds:
  - a. County General Fund 101
  - b. Public Libraries Fund 115
  - c. Recycling Centers Fund 116
  - f. General Purpose School Fund 141

FY 2010-2011:

3. Consideration of Approving an Additional 1% Wage Increase for County Employees.
4. Consideration of a Request for 2 Additional Employees for the Months of July and August for Training Prior to Retirement of Employees in the County Clerk's Office.
5. Consideration of Approving a \$398,400 Grant Contract with the State Department of Health to Reimburse Salaries of Health Department Employees; no matching funds.
6. Consideration of Approving Acceptance of a \$1,000 Jane L. Pettway Foundation Grant for Lenoir City Public Library; no matching funds.

7. Consideration of Approving a Resolution Authorizing Application and Acceptance of a FY 2010-2011 Litter Grant in the Amount of \$31,188; no matching funds.
8. Consideration of Approval of the FY 2010-2011 Career Center Budget.
9. Consideration of Approving a Resolution to Rescind a Portion of Section 9 of Resolution #060410-V, the FY 2010-2011 Appropriations Resolution, to Receipt Investment Income from Fund 143 to Fund 143.

**G. Commissioner David Meers**

1. Election of Bonds and Notaries
7. **This is the time for any visitor or delegation to state the business for which he/she may wish to address concerning any item of interest not on the planned agenda.**
8. **Adjournment**

Resolution # \_\_\_\_\_

**A RESOLUTION TO RESCIND A PORTION OF SECTION 9 OF RESOLUTION NUMBER 060710-V, "A RESOLUTION MAKING APPROPRIATIONS FOR THE VARIOUS FUNDS, DEPARTMENTS, INSTITUTIONS, OFFICES AND AGENCIES OF LOUDON COUNTY, TENNESSEE, FOR THE YEAR BEGINNING JULY 1, 2010 AND ENDING JUNE 30, 2011" TO RECEIPT INVESTMENT INTEREST FROM FUND 143 TO FUND 143**

**WHEREAS**, Loudon County Commission, assembled in regular session on June 7, 2010, adopted Resolution Number 060710-V, "A Resolution Making Appropriations for the Various Funds, Departments, Institutions, Offices and Agencies of Loudon County, Tennessee, for the year Beginning July 1, 2010 and Ending June 30, 2011"; and

**WHEREAS**, beginning July 1, 2010, Fund 143 Central Cafeteria will be utilized for activity of all revenues and expenditures related to Loudon County Schools Cafeterias; and

**WHEREAS**, investment interest earned from revenue in Fund 143 Central Cafeteria should be receipted to same fund;

**NOW, THEREFORE, BE IT RESOLVED**, the following portion of Section 9 of the aforementioned Resolution Number 060710-V is deleted:

*Fund 141 shall earn interest from investments in Funds 141, 142, 143*

And replaced with the following:

*Fund 141 shall earn interest from investments in Funds 141 and 142; Fund 143 shall earn interest from investments in Fund 143*

**BE IT FURTHER RESOLVED**, all other terms and conditions of the aforementioned Resolution Number 060710-V not expressly amended herein shall remain in full force and effect.

**BE IT FINALLY RESOLVED**, that this Resolution shall take effect from and after its passage and its provisions shall be in force from and after July 1, 2010. This Resolution shall be spread upon the minutes of the Board of County Commissioners.

Passed the 28<sup>th</sup> day of June, 2010.

\_\_\_\_\_  
County Chairman

Attest:

\_\_\_\_\_  
County Clerk

\_\_\_\_\_  
County Mayor

**RESOLUTION # \_\_\_\_\_**

**A RESOLUTION TO AMEND THE CAPITAL ASSET POLICY  
TO IMPLEMENT GASB STATEMENT 51,  
ACCOUNTING AND FINANCIAL REPORTING FOR INTANGIBLE ASSETS**

**WHEREAS**, on June 24, 2002, Loudon County Commission adopted *Resolution 062402-P*, which authorized the establishment and maintenance of complete and accurate accounts for all general fixed assets; and

**WHEREAS**, the aforementioned Resolution complied with the requirements of the Governmental Accounting Standards Board (GASB) Statement 34, which established new financial reporting requirements for state and local governments related to all infrastructure assets and capital assets with consideration of depreciation; and

**WHEREAS**, GASB 34 did not include specific authoritative guidance as to whether and when intangible assets should be considered capital assets for financial reporting purposes; and

**WHEREAS**, GASB Statement 51 has been issued with the objective of establishing accounting and financial reporting requirements for intangible assets; and

**WHEREAS**, all counties in Tennessee should implement the requirements for GASB Statement 51 by June 30, 2010;

**NOW, THEREFORE, BE IT RESOLVED**, the attached *Amendment to Capital Asset Policy to Implement GASB Statement 51, Accounting and Financial Reporting for Intangible Assets*, is hereby adopted.

**BE IT FURTHER RESOLVED**, all intangible assets identified by Loudon County Government according to the guidance provided in GASB Statement 51 will be capitalized and reported as indicated in the amendment.

**BE IT FINALLY RESOLVED**, that this RESOLUTION take effect immediately, from and after its passage, and shall be spread upon the minutes of the Board of County Commissioners.

**Passed the 28<sup>th</sup> day of June, 2010**

\_\_\_\_\_  
**County Chairman**

**Attest:**

\_\_\_\_\_  
**County Clerk**

\_\_\_\_\_  
**County Mayor**

Attachment to Resolution # \_\_\_\_\_

Loudon County, TN

Amendment to Capital Asset Policy to  
implement GASB Statement 51, Accounting  
& Financial Reporting for Intangible Assets

SUMMARY:

Loudon County possesses many different types of assets that may be considered intangible assets. Examples of intangible assets include: easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of GASB Statement 51 is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

Effective Implementation Date: Loudon County Government will implement accounting and reporting standards for GASB Statement 51 for Fiscal Year Ended June 30, 2010.

Recognition of Intangible Assets:

Intangible assets of Loudon County Government shall be recognized and capitalized if it is identifiable by at least one of the two following conditions:

1. The asset is separable, that is, the asset is capable of being separated or divided from the county government and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, asset, or liability.
2. The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

All individual intangible assets with a cost equal to or greater than \$25,000 and a useful life of two or more years shall be capitalized over the useful life of the asset. Assets costing below the threshold will be expensed in the fiscal year that they are acquired.

Intangible assets with an indefinite useful life will not be amortized. Assets are deemed to have an indefinite useful life if there are no legal, contractual, regulatory, technological, or other factors that limit the useful life of the asset (e.g., permanent right-of-way easement).

Retroactive Reporting: In accordance with GASB implementation guidance, all government entities that were classified as Phase 1 or Phase 2 governments for the purpose of implementing Statement 34 are required to retroactively report intangible assets except for those considered to have indefinite useful lives as of the effective date of Statement 51. Loudon County Government is a Phase 2 government and will retroactively report intangible assets that meet capitalization criteria, and were acquired in fiscal years ending after June 30, 1980. In instances where determining actual historical cost of an intangible asset is not practical due to the lack of sufficient records, then the asset will be reported at an estimated historical cost if acquired in fiscal years ending after June 30, 1980. In the event that there are already capitalized intangible assets less than \$25,000, then Loudon County will continue to recognize these assets and merely reclassify these from their current classification to intangible assets. However, all prospective reporting of intangible assets will be \$25,000 and over.

### Internally generated intangible assets

Per Statement 51, intangible assets are considered internally generated if they are created or produced by the government or an entity contracted by the government, or if they are acquired from a third party, but require more than incremental effort on the part of the government to begin to achieve their expected level of service capacity. Per GASB Statement 51 implementation guidance, internally developed intangible assets will NOT be retroactively capitalized if management deems that accurate historical cost cannot be determined using acceptable cost accounting principles.

Capitalization of internally generated assets can only occur after ALL of the following conditions have been met:

1. Determination of the specific objective of the project and the nature of the service capacity that is expected to be provided by the intangible asset upon the completion of the project.
2. Demonstration of the technical or technological feasibility for completing the project so that the intangible asset will provide its expected service capacity, and
3. Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multiyear project, continue development of the intangible asset.

Only outlays incurred subsequent to the meeting of the above criteria should be capitalized. Outlays incurred prior to meeting those criteria should be expensed as incurred.

Specific guidelines for the capitalization of internally generated computer software: Computer software is a common type of intangible asset that is often internally generated. Software should be considered an internally generated intangible asset if it is either:

- Developed in-house by the government's personnel or by a third-party contractor on behalf of the government.
- Commercially available software that is purchased or licensed by the government and modified using more than minimal incremental effort before being put into operation.

For internally generated software, the three above mentioned criteria to capitalize intangible assets are met only after the preliminary project stage of software development has been completed and county management implicitly or explicitly authorizes and commits to funding, at least currently in the case of a multiyear project, the software project. All outlays associated with activities in the preliminary project stage should be expensed as incurred.

Capitalization of Construction in progress of Intangible Assets: Loudon County will not capitalize construction in progress (CIP) of intangible assets unless county financial management deems the CIP to be material to the presentation of the county's financial statements when taken as a whole.

Tagging for inventory purposes of intangible assets: Actual physical tagging of intangible assets typically is not possible; however, county asset management will assign an inventory tag number to each individual intangible asset for identification purposes (example, Asset #12003: Register of Deeds Office Software). The inventory tag will be kept with the asset's cost documentation.

Identified Intangible Assets of Loudon County

Purchased/licensed software

Internally generated software

GIS Data Captures

Websites

Copyrights

Trademarks

Patents

Right of Way Easements

Land Use Rights (Mineral, Timber, Water)