

**ANNUAL FINANCIAL REPORT**  
**SCOTT COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2005**

**Comptroller of the Treasury  
Department of Audit  
Division of County Audit  
Nashville, Tennessee**

**ANNUAL FINANCIAL REPORT**  
**SCOTT COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

*DEPARTMENT OF AUDIT*  
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*Comptroller of the Treasury*

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

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## TABLE OF CONTENTS

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	Exhibit/Table	Page
Audit Highlights		i
<b><u>INTRODUCTORY SECTION</u></b>		
Scott County Officials		1
<b><u>FINANCIAL SECTION</u></b>		
Independent Auditor's Report		5
<b>BASIC FINANCIAL STATEMENTS:</b>		
Government-wide Financial Statements:		
Statement of Net Assets	A	11
Statement of Activities	B	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	15
Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Assets	C-2	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities	C-4	20
Proprietary Funds:		
Statement of Net Assets	D-1	22
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	23
Statement of Cash Flows	D-3	24
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	26
Notes to the Financial Statements		27
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>		
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	61
Ambulance Service Fund	F-2	65
Highway/Public Works Fund	F-3	66
Notes to the Required Supplementary Information		67

	Exhibit/Table	Page
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:</b>		
Nonmajor Governmental Funds:		
Combining Balance Sheet	G-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	75
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	G-3	77
Special Purpose Fund	G-4	78
Drug Control Fund	G-5	79
Major Governmental Funds:		
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Debt Service Fund	H-1	83
Rural Debt Service Fund	H-2	84
Fiduciary Funds:		
Combining Statement of Fiduciary Assets and Liabilities	I-1	87
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	88
Component Unit:		
Discretely Presented Scott County School Department:		
Balance Sheet – Governmental Funds	J-1	93
Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Assets	J-2	94
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-3	95
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities	J-4	96
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-5	97
School Federal Projects Fund	J-6	99
Central Cafeteria Fund	J-7	100
Miscellaneous Schedules:		
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds	K-1	103
Schedule of Bond and Interest Requirements by Year	K-2	106
Schedule of Notes Receivable – All Funds	K-3	107
Schedule of Transfers – All Funds and Discretely Presented Scott County School Department	K-4	108

	Exhibit/Table	Page
Schedule of Salaries and Official Bonds of Principal Officials	K-5	109
Schedule of Detailed Revenues – All Governmental Fund Types	K-6	110
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Scott County School Department	K-7	120
Schedule of Detailed Expenditures – All Governmental Fund Types	K-8	122
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Scott County School Department	K-9	144
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-10	154
 <u>STATISTICAL SECTION</u>		
Uncollected Taxes Filed in Chancery Court	1	157
Tax Rates and Assessments – Last Ten Years	2	158
 <u>SINGLE AUDIT SECTION</u>		
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		161
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		163
Schedule of Expenditures of Federal Awards and State Grants		167
Schedule of Audit Findings Not Corrected		171
Schedule of Findings and Questioned Costs		173
Auditee Reporting Responsibilities		177

# ***Audit Highlights***

Annual Financial Report  
Scott County, Tennessee  
For the Year Ended June 30, 2005

## ***Scope***

We have audited the basic financial statements of Scott County as of and for the year ended June 30, 2005.

## ***Results***

Our report on the governmental activities financial statements is qualified because the financial statements did not include all capital assets and the related depreciation amounts for hospital and nursing home assets owned by the county and rented to tenants through operating leases. Our report on the aggregate discretely presented component units' financial statements is qualified because the financial statements did not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.

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

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF DIRECTOR OF FINANCE**

- ◆ Several funds had accounting deficiencies.
- ◆ Several funds' estimates of beginning fund balances varied materially from their actual fund balances.

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### **OTHER FINDING**

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee, County Clerk, Clerk and Master, and Register.

*State of Tennessee  
Comptroller of the Treasury  
Department of Audit  
Division of County Audit*

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# INTRODUCTORY SECTION

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# Scott County Officials

## June 30, 2005

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### Officials:

Dwight E. Murphy, County Mayor  
Donald Sexton, Superintendent of Roads  
Mike Davis, Director of Schools  
Jimmy D. Byrd, Trustee  
Steve Thompson, Assessor of Property  
Pat Phillips, County Clerk  
Verda Cope, Jr., Circuit and General Sessions Courts Clerk  
Jane Lloyd, Clerk and Master  
Porter B. Rector, Jr., Register  
Jim Carson, Sheriff  
Keith Jeffers, Director of Finance

### Board of County Commissioners:

Dwight Murphy, Chairman	
Leonard M. Bertram	Ricky A. Keeton
Ronnie Blevins	Ernest Phillips
Harold Chambers	Hertis Phillips
Rick L. Burke	William R. Russ
Odeva Byrd	Jack Sexton
Rothel Cross	Mike Slaven
Daniel W. Murley	James Watson

### Financial Management Committee:

Mike Slaven, Chairman	Keith Jeffers
Rodney West	Dwight Murphy
Ernest Phillips	Hertis Phillips
Donald Sexton	Mike Davis

### Board of Education:

Sam Wright, Chairman	Vivian Smith
David Marlar	Brian Strunk
James Sexton	Rodney West
Jake Sharp	

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## FINANCIAL SECTION

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

December 9, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scott County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Scott County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Scott County's management. 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 auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I to the financial statements, the financial statements of the Scott County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units' financial statements

referred to above do not include amounts for the Scott County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In addition, amounts reflected for capital assets net of depreciation, and depreciation expense, of the governmental activities do not include all hospital and nursing home assets owned by the county and rented to tenants through operating leases. The effects on the financial statements of the governmental operations are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Scott County Emergency Communications District, as discussed in the third paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Scott County, Tennessee, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America

Also, in our opinion, except for the effects of not including all hospital and nursing home assets, as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Scott County, Tennessee, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Scott County, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2005, on our consideration of Scott County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Scott County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management of Scott County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 61 through 67 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Scott County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, the General Debt Service Fund, and the Rural Debt Service Fund, combining and individual fund financial statements of the Scott County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables 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, the General Debt Service Fund, and the Rural Debt Service Fund, combining and individual fund financial statements of the Scott County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/sb

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Scott County, Tennessee  
Statement of Net Assets  
June 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Scott County School Department
<u>ASSETS</u>				
Cash	\$ 504	\$ 0	\$ 504	\$ 223,274
Equity in Pooled Cash and Investments	4,295,255	1,210	4,296,465	529,178
Inventories	21,287	0	21,287	0
Accounts Receivable	677,468	7,656	685,124	20,000
Allowance for Uncollectible	(208,235)	0	(208,235)	0
Due from Other Governments	727,344	40,000	767,344	394,988
Internal Balances	111,363	(111,363)	0	0
Due from Component Units	2,942		2,942	0
Property Taxes Receivable	2,738,986	0	2,738,986	1,926,795
Allowance for Uncollectible Property Taxes	(125,373)	0	(125,373)	(84,005)
Unamortized Debt Issuance Cost	289,120	0	289,120	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,739,283	70,000	1,809,283	660,561
Construction in Progress	0	0	0	4,033,832
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	4,474,870	51,554	4,526,424	9,162,095
Other Capital Assets	1,194,292	2,312,032	3,506,324	744,028
Infrastructure - Roads, Streets, and Bridges	805,025	0	805,025	0
<b>Total Assets</b>	<b>\$ 16,744,131</b>	<b>\$ 2,371,089</b>	<b>\$ 19,115,220</b>	<b>\$ 17,610,746</b>

(Continued)

Exhibit A

Scott County, Tennessee  
Statement of Net Assets (cont.)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Scott County School Department
<u>LIABILITIES</u>				
Accounts Payable	\$ 842,371	\$ 10,723	\$ 853,094	\$ 114,478
Cash Overdraft	0	272	272	0
Accrued Payroll	43,209		43,209	0
Accrued Interest Payable	176,433	1,578	178,011	0
Payroll Deductions Payable	3,728	0	3,728	0
Contracts Payable	559,142	0	559,142	0
Retainage Payable	42,628	0	42,628	0
Due to Primary Government	0	0	0	2,942
Deferred Revenue - Property Tax	2,477,058	0	2,477,058	1,757,566
Other Current Liabilities	0	0	0	215,377
Unamortized Premiums on Debt	21,620	0	21,620	0
Noncurrent Liabilities:				
Due Within One Year	1,423,603	280,051	1,703,654	0
Due in More than One Year (net of deferred amount on refunding)	17,562,487	669,666	18,232,153	0
Total Liabilities	\$ 23,152,279	\$ 962,290	\$ 24,114,569	\$ 2,090,363
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 2,943,981	\$ 1,958,586	\$ 4,902,567	\$ 0
Invested in Capital Assets	0	0	0	14,600,516
Restricted for:				
Highways	379,479	0	379,479	0
Debt Service	33,159	0	33,159	0
Other Purposes	276,620	0	276,620	521,751
Unrestricted	(10,041,387)	(549,787)	(10,591,174)	398,116
Total Net Assets	\$ (6,408,148)	\$ 1,408,799	\$ (4,999,349)	\$ 15,520,383

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

Exhibit B

Scott County, Tennessee  
Statement of Activities  
 For the Year Ended June 30, 2005

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							
	Program Revenues				Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Scott County School Department
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 1,452,322	\$ 135,747	\$ 16,380	\$ 0	\$ (1,300,195)	\$ 0	\$ (1,300,195)	\$ 0
Finance	625,401	414,359	8,519	7,702	(194,821)	0	(194,821)	0
Administration of Justice	513,813	319,652	9,000	0	(185,161)	0	(185,161)	0
Public Safety	2,328,536	501,302	133,644	2,417	(1,691,173)	0	(1,691,173)	0
Public Health and Welfare	1,480,048	4,970,741	143,362	293,330	3,927,385	0	3,927,385	0
Social, Cultural and Recreational Services	101,711	0	119,697	15,000	32,986	0	32,986	0
Agricultural and Natural Resources	26,690	0	0	0	(26,690)	0	(26,690)	0
Other Operations	2,217,131	166,223	426,884	929,587	(694,437)	0	(694,437)	0
Highways	2,473,791	0	1,782,302	385,568	(305,921)	0	(305,921)	0
Education	3,888,120	0	0	0	(3,888,120)	0	(3,888,120)	0
<b>Debt Service:</b>								
Interest	501,713	0	0	0	(501,713)	0	(501,713)	0
Other Debt Service	101,603	0	0	0	(101,603)	0	(101,603)	0
<b>Total Primary Government</b>	<b>\$ 15,710,879</b>	<b>\$ 6,508,024</b>	<b>\$ 2,639,788</b>	<b>\$ 1,633,604</b>	<b>\$ (4,929,463)</b>	<b>\$ 0</b>	<b>\$ (4,929,463)</b>	<b>\$ 0</b>
<b>Business-type Activities</b>								
Sewer	\$ 181,264	\$ 80,132	\$ 0	\$ 0	\$ 0	\$ (101,132)	\$ (101,132)	\$ 0
Solid Waste Disposal	6,541	196,992	0	0	0	190,451	190,451	0
<b>Total Component Units</b>	<b>\$ 187,805</b>	<b>\$ 277,124</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 89,319</b>	<b>\$ 89,319</b>	<b>\$ 0</b>
<b>Total Primary Government</b>	<b>\$ 15,898,684</b>	<b>\$ 6,785,148</b>	<b>\$ 2,639,788</b>	<b>\$ 1,633,604</b>	<b>\$ (4,929,463)</b>	<b>\$ 89,319</b>	<b>\$ (4,840,144)</b>	<b>\$ 0</b>

(Continued)

Exhibit B

Scott County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Scott County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<u>Component Units:</u>								
Scott County School Department	\$ 18,044,367	\$ 290,265	\$ 3,083,786	\$ 3,858,120	\$ 0	\$ 0	\$ 0	\$ (10,812,196)
Total Component Units	\$ 18,044,367	\$ 290,265	\$ 3,083,786	\$ 3,858,120	\$ 0	\$ 0	\$ 0	\$ (10,812,196)
General Revenues:								
Property Taxes					\$ 2,568,985	\$ 0	\$ 2,568,985	\$ 1,780,290
Sales Taxes					339,192	0	339,192	1,138,161
Other Taxes					412,977	0	412,977	8,174
Grants and Contributions not restricted to specific programs					673,028	106,536	779,564	11,208,608
Unrestricted Investment Income					80,013	753	80,766	0
Sale of Assets					19,294	7,626	26,920	0
Miscellaneous					104,360	0	104,360	18,584
Transfers					132,964	(132,964)	0	0
Total General Revenues and Transfers					\$ 4,330,813	\$ (18,049)	\$ 4,312,764	\$ 14,153,817
Change in Net Assets					\$ (598,650)	\$ 71,270	\$ (527,380)	\$ 3,341,621
Net Assets, July 1, 2004					(5,896,531)	1,337,529	(4,559,002)	11,928,129
Restatement for Capital Assets					87,033	0	87,033	250,633
Net Assets, June 30, 2005					\$ (6,408,148)	\$ 1,408,799	\$ (4,999,349)	\$ 15,520,383

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

Exhibit C-1

Scott County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2005

	Major Funds						Nonmajor	Total
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>								
Cash	\$ 50	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 454	\$ 504
Equity in Pooled Cash and Investments	3,025,756	445,021	229,699	154,042	138,759	139,379	162,599	4,295,255
Inventories	21,287	0	0	0	0	0	0	21,287
Accounts Receivable	34,624	485,382	157,034	0	0	0	428	677,468
Allowance for Uncollectibles	0	(208,235)	0	0	0	0	0	(208,235)
Due from Other Governments	298,241	0	422,874	5,399	0	0	830	727,344
Due from Other Funds	137,489	205,000	9,054	20,655	22,579	0	86,223	481,000
Due from Component Units	2,942	0	0	0	0	0	0	2,942
Property Taxes Receivable	1,416,910	0	0	590,976	731,100	0	0	2,738,986
Allowance for Uncollectible Property Taxes	(62,042)	0	0	(27,064)	(36,267)	0	0	(125,373)
<b>Total Assets</b>	<b>\$ 4,875,257</b>	<b>\$ 927,168</b>	<b>\$ 818,661</b>	<b>\$ 744,008</b>	<b>\$ 856,171</b>	<b>\$ 139,379</b>	<b>\$ 250,534</b>	<b>\$ 8,611,178</b>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 346,466	\$ 72,529	\$ 418,728	\$ 0	\$ 0	\$ 0	\$ 4,648	\$ 842,371
Accrued Payroll	15,736	21,480	5,993	0	0	0	0	43,209
Payroll Deductions Payable	3,728	0	0	0	0	0	0	3,728
Contracts Payable	0	0	0	0	0	559,142	0	559,142
Retainage Payable	0	0	0	0	0	6,341	36,287	42,628
Due to Other Funds	297,902	3,509	8,461	0	0	22,579	37,186	369,637
Deferred Revenue - Current Property Taxes	1,291,506	0	0	534,416	651,136	0	0	2,477,058
Deferred Revenue - Delinquent Property Taxes	57,354	0	0	27,010	40,112	0	0	124,476
Other Deferred Revenues	38,292	0	150,874	0	0	0	0	189,166
<b>Total Liabilities</b>	<b>\$ 2,050,984</b>	<b>\$ 97,518</b>	<b>\$ 584,056</b>	<b>\$ 561,426</b>	<b>\$ 691,248</b>	<b>\$ 588,062</b>	<b>\$ 78,121</b>	<b>\$ 4,651,415</b>
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 261,368	\$ 156,994	\$ 418,362
Reserved for Drug Court	5,181	0	0	0	0	0	0	5,181
Reserved for Sexual Offender Registration	900	0	0	0	0	0	0	900
Reserved for Aging Programs	5,575	0	0	0	0	0	0	5,575
Reserved for Inventory	21,287	0	0	0	0	0	0	21,287

(Continued)

Exhibit C-1

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

	Major Funds						Nonmajor Funds	Total Govern- mental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other Govern- mental Funds	
<b>LIABILITIES AND FUND BALANCES (Cont.)</b>								
<b>Fund Balances (Cont.)</b>								
Reserved for Fraud and Crimes Prosecution Act	\$ 35,328	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,328
Other Federal Reserves	0	0	0	0	0	0	35,000	35,000
Reserved for Other General Purposes	18,882	0	0	0	0	0	0	18,882
Unreserved, Reported In:								
General Fund	2,737,120	0	0	0	0	0	0	2,737,120
Special Revenue Funds	0	829,650	234,605	0	0	0	139,259	1,203,514
Debt Service Funds	0	0	0	182,582	164,923	0	0	347,505
Capital Projects Funds (Deficit)	0	0	0	0	0	(710,051)	(158,840)	(868,891)
<b>Total Fund Balances</b>	<b>\$ 2,824,273</b>	<b>\$ 829,650</b>	<b>\$ 234,605</b>	<b>\$ 182,582</b>	<b>\$ 164,923</b>	<b>\$ (448,683)</b>	<b>\$ 172,413</b>	<b>\$ 3,959,763</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,875,257</b>	<b>\$ 927,168</b>	<b>\$ 818,661</b>	<b>\$ 744,008</b>	<b>\$ 856,171</b>	<b>\$ 139,379</b>	<b>\$ 250,534</b>	<b>\$ 8,611,178</b>

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

Scott County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Government-wide Statement of Net Assets  
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$	3,959,763
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		8,213,470
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		313,642
(3) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges is reflected on the statement of net assets.		289,120
(4) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.		(176,433)
(5) 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.		
Bonds Payable	\$	13,775,000
Notes Payable		1,448,935
Other Loans Payable		3,650,900
Capital Leases Payable		157,383
Compensated Absences		66,554
Unamortized Debt Premium		21,620
Less: Deferred Amount on Refunding		(112,682)
		<u>(19,007,710)</u>
Net assets of governmental activities (Exhibit A)	\$	<u>(6,408,148)</u>

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

Exhibit C-3

Scott County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2005

	Major Funds						Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>								
Local Taxes	\$ 2,076,677	\$ 0	\$ 234	\$ 563,996	\$ 804,217	\$ 0	\$ 0	\$ 3,445,124
Licenses and Permits	21,032	0	0	931	0	0	0	21,963
Fines, Forfeitures and Penalties	55,738	0	0	0	0	0	112,152	167,890
Charges for Current Services	173,146	95,615	0	0	0	0	22,792	291,553
Other Local Revenues	3,177,936	248,896	47,190	61,067	14,072	19,346	9,628	3,578,135
Fees Received from County Officials	664,580	0	0	0	0	0	0	664,580
State of Tennessee	1,090,090	0	2,156,184	0	0	0	353,241	3,599,515
Federal Government	923,264	1,595,097	10,000	0	0	0	528,229	3,056,590
Other Governments and Citizens Groups	6,542	0	0	0	185,773	0	0	192,315
<b>Total Revenues</b>	<b>\$ 8,189,005</b>	<b>\$ 1,939,608</b>	<b>\$ 2,213,608</b>	<b>\$ 625,994</b>	<b>\$ 1,004,062</b>	<b>\$ 19,346</b>	<b>\$ 1,026,042</b>	<b>\$ 15,017,665</b>
<u>Expenditures</u>								
Current:								
General Government	\$ 1,413,421	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,413,421
Finance	638,836	0	0	0	0	0	50	638,886
Administration of Justice	398,831	0	0	0	0	0	112,591	511,422
Public Safety	2,375,143	0	0	0	0	0	0	2,375,143
Public Health and Welfare	209,047	1,374,678	0	0	0	0	188,897	1,772,622
Social, Cultural, and Recreational Services	107,853	0	0	0	0	0	0	107,853
Agricultural and Natural Resources	26,690	0	0	0	0	0	0	26,690
Other Operations	1,008,038	0	0	0	0	0	485,516	1,493,554
Highways	32,431	0	2,396,341	0	0	0	0	2,428,772
Instruction	30,000	0	0	0	0	0	0	30,000
Debt Service:								
Principal	0	0	150,564	566,706	825,215	0	0	1,542,485
Interest	0	0	19,369	113,091	277,924	0	0	410,384
Other Debt Service	0	0	0	14,192	163,102	25,370	28,476	231,140
Capital Projects	2,100,058	0	0	0	0	0	912,414	3,012,472
Capital Projects - Donated	0	0	0	0	0	3,858,120	0	3,858,120
<b>Total Expenditures</b>	<b>\$ 8,340,348</b>	<b>\$ 1,374,678</b>	<b>\$ 2,566,274</b>	<b>\$ 693,989</b>	<b>\$ 1,266,241</b>	<b>\$ 3,883,490</b>	<b>\$ 1,727,944</b>	<b>\$ 19,852,964</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (151,343)	\$ 564,930	\$ (352,666)	\$ (67,995)	\$ (262,179)	\$ (3,864,144)	\$ (701,902)	\$ (4,835,299)

(Continued)

Exhibit C-3

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

	Major Funds						Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>								
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 805,000	\$ 650,000	\$ 1,455,000
Notes Issued	300,000	0	0	0	0	0	0	300,000
Capital Leases Issued	119,671	0	0	0	0	0	0	119,671
Refunding Debt Issued	0	0	0	0	4,570,000	0	0	4,570,000
Premiums on Debt Issued	0	0	0	0	15,813	2,791	3,476	22,080
Other Loans Issued	0	0	0	0	0	2,655,741	0	2,655,741
Proceeds From Sale of Capital Assets	2,100,058	0	0	0	0	0	0	2,100,058
Transfers In	378,000	0	0	0	0	0	174,023	552,023
Transfers Out	0	(370,000)	0	(29,055)	0	0	(20,004)	(419,059)
Payments to Refunded Debt Escrow Agent	0	0	0	0	(4,419,476)	0	0	(4,419,476)
Total Other Financing Sources (Uses)	\$ 2,897,729	\$ (370,000)	\$ 0	\$ (29,055)	\$ 166,337	\$ 3,463,532	\$ 807,495	\$ 6,936,038
Net Change in Fund Balances	\$ 2,746,386	\$ 194,930	\$ (352,666)	\$ (97,050)	\$ (95,842)	\$ (400,612)	\$ 105,593	\$ 2,100,739
Fund Balance, July 1, 2004	77,887	634,720	587,271	279,632	260,765	(48,071)	66,820	1,859,024
Fund Balance, June 30, 2005	\$ 2,824,273	\$ 829,650	\$ 234,605	\$ 182,582	\$ 164,923	\$ (448,683)	\$ 172,413	\$ 3,959,763

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

Scott County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2005

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)		\$ 2,100,739
(1) Governmental funds report capital outlay 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 outlays in the current period	\$ 1,152,603	
Less: Current year depreciation	<u>(337,655)</u>	814,948
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		8,189
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	\$ (475,621)	
For the year ended June 30, 2005	<u>313,642</u>	(161,979)
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: Other loan proceeds issued	\$ (2,655,741)	
Less: Notes issued	(300,000)	
Less: Capital leases issued	(119,671)	
Less: Refunding bonds issued	(4,570,000)	
Less: General obligation bonds issued	(1,455,000)	
Less: Debt premium	(22,080)	
Less: Bonds payable assumed	(260,000)	
Add: Principal payment on notes	151,653	
Add: Principal payment on other loans	320,253	
Add: Principal payment on capital leases	25,579	
Add: Principal payment on bonds	1,045,000	
Add: Payment to refunding debt escrow agent	4,419,476	
Add: Debt issuance cost	<u>150,016</u>	(3,270,515)

(Continued)

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

(5) Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects amounts expensed during the year recorded in the statement of activities.		
Less: Debt issuance cost amortized during year	\$ (20,479)	
Less: Deferred amount on refunding amortized during year	(18,970)	
Add: Debt premium amortized during year	<u>460</u>	\$ (38,989)
(6) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (72,819)	
Change in compensated absences	<u>21,776</u>	<u>(51,043)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (598,650)</u>

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

Exhibit D-1

Scott County, Tennessee  
Statement of Net Assets  
Proprietary Funds  
June 30, 2005

	Business-type Activities		
	Enterprise Funds - Major Funds		
	Public Utility Fund	Solid Waste/ Disposal Fund	Total
<u>ASSETS</u>			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 0	\$ 1,210	\$ 1,210
Accounts Receivable	7,656	0	7,656
Due from Other Governments	0	40,000	40,000
Capital Assets:			
Assets Not Depreciated:			
Land	10,000	60,000	70,000
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	46,772	4,782	51,554
Other Capital Assets	2,312,032	0	2,312,032
Total Assets	<u>\$ 2,376,460</u>	<u>\$ 105,992</u>	<u>\$ 2,482,452</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 10,723	\$ 0	\$ 10,723
Accrued Interest Payable	1,578	0	1,578
Cash Overdraft	272	0	272
Due to Other Funds	111,363	0	111,363
Noncurrent Liabilities:			
Due Within One Year	10,000	270,051	280,051
Due in More than One Year	465,000	204,666	669,666
Total Liabilities	<u>\$ 598,936</u>	<u>\$ 474,717</u>	<u>\$ 1,073,653</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt Unrestricted	<u>\$ 1,893,804</u> <u>(116,280)</u>	<u>\$ 64,782</u> <u>(433,507)</u>	<u>\$ 1,958,586</u> <u>(549,787)</u>
Total Net Assets	<u>\$ 1,777,524</u>	<u>\$ (368,725)</u>	<u>\$ 1,408,799</u>

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

Exhibit D-2

Scott County, Tennessee  
Statement of Revenues, Expenses and Changes  
in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2005

	Business-type Activities		
	Enterprise Funds - Major Funds		
	Public Utility Fund	Solid Waste Disposal Fund	Total
<u>Operating Revenues</u>			
Charges for Services	\$ 80,132	\$ 196,992	\$ 277,124
Total Operating Revenue	\$ 80,132	\$ 196,992	\$ 277,124
<u>Operating Expenses</u>			
Salaries and Benefits	\$ 33,250	\$ 0	\$ 33,250
Temporary Personnel	2,346	0	2,346
Fringe Benefits	2,926	0	2,926
Communication	845	0	845
Utilities	20,531	0	20,531
Maintenance and Repair Services - Vehicles	258	0	258
Travel	1,155	0	1,155
Supplies and Materials	23,313	0	23,313
Depreciation	58,216	1,290	59,506
Trustee's Commission	781	2,959	3,740
Other Charges	18,598	0	18,598
Total Operating Expenses	\$ 162,219	\$ 4,249	\$ 166,468
Operating Income (Loss)	\$ (82,087)	\$ 192,743	\$ 110,656
<u>Nonoperating Revenues (Expenses)</u>			
Investment Income	\$ 103	\$ 650	\$ 753
Gain on Sale of Assets	0	7,626	7,626
Interest on Bonds	(19,045)	0	(19,045)
Interest on Notes	0	(2,292)	(2,292)
Total Nonoperating Revenues (Expenses)	\$ (18,942)	\$ 5,984	\$ (12,958)
Income Before Contributions and Transfers	\$ (101,029)	\$ 198,727	\$ 97,698
Contributions	0	106,536	106,536
Transfers In	41,059	0	41,059
Transfers Out	0	(174,023)	(174,023)
Change in Net Assets	\$ (59,970)	\$ 131,240	\$ 71,270
Net Assets, July 1, 2004	1,837,494	(499,965)	1,337,529
Net Assets, June, 30, 2005	\$ 1,777,524	\$ (368,725)	\$ 1,408,799

The accompanying notes are an integral part of this statement.

Exhibit D-3

Scott County, Tennessee  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2005

	Business-type Activities		
	Enterprise Funds - Major Funds		
	Public Utility Fund	Solid Waste Disposal Fund	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 78,133	\$ 186,992	\$ 265,125
Payments to vendors	(57,548)	(46,641)	(104,189)
Payments to employees	(35,596)	0	(35,596)
Payments for fringe benefits	(2,926)	0	(2,926)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (17,937)</u>	<u>\$ 140,351</u>	<u>\$ 122,414</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers from other funds	\$ 46,549	\$ 0	\$ 46,549
Transfers to other funds	0	(198,963)	(198,963)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 46,549</u>	<u>\$ (198,963)</u>	<u>\$ (152,414)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Proceeds from sale of assets	\$ 0	\$ 7,726	\$ 7,726
Contribution	0	106,536	106,536
Paid on Closure/Post Closure Care Liability	0	(48,093)	(48,093)
Principal paid on bonds	(10,000)	0	(10,000)
Interest paid on bonds	(19,055)	0	(19,055)
Principal paid on notes	0	(7,667)	(7,667)
Interest paid on notes	0	(2,292)	(2,292)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (29,055)</u>	<u>\$ 56,210</u>	<u>\$ 27,155</u>
<u>Cash Flows from Investing Activities</u>			
Interest on investments	\$ 103	\$ 650	\$ 753
Net Cash Provided By (Used In) Investing Activities	<u>\$ 103</u>	<u>\$ 650</u>	<u>\$ 753</u>
Increase (decrease) in cash and cash equivalents	\$ (340)	\$ (1,752)	\$ (2,092)
Cash and cash equivalents, July 1, 2004	<u>68</u>	<u>2,962</u>	<u>3,030</u>
Cash and cash equivalents, June 30, 2005	<u><u>\$ (272)</u></u>	<u><u>\$ 1,210</u></u>	<u><u>\$ 938</u></u>

(Continued)

Exhibit D-3

Scott County, Tennessee  
Statement of Cash Flows  
Proprietary Funds (Cont.)

	<u>Business-type Activities</u>		
	<u>Enterprise Funds - Major Funds</u>		
	Public Utility Fund	Solid Waste Disposal Fund	Total
Operating Income (Loss)	\$ (82,087)	\$ 192,743	\$ 110,656
<u>Adjustments to Reconcile Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>			
Depreciation	58,216	1,290	59,506
Changes in Assets and Liabilities:			
(Increase) decrease in current receivables, net of allowance	(1,999)	(10,000)	(11,999)
Increase (decrease) in current liabilities	7,933	(43,682)	(35,749)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (17,937)</u>	<u>\$ 140,351</u>	<u>\$ 122,414</u>

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

Exhibit E

Scott County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 706,346
Equity in Pooled Cash and Investments	124,975
Accounts Receivable	1,464
Due from Other Governments	338,190
Property Taxes Receivable	1,462,908
Allowance for Uncollectible Taxes	<u>(88,171)</u>
Total Assets	<u>\$ 2,545,712</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,796,465
Due to Litigants, Heirs, and Others	707,581
Due to Joint Ventures	<u>41,666</u>
Total Liabilities	<u>\$ 2,545,712</u>

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

**SCOTT COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Scott 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 Scott County:

**A. Reporting Entity**

Scott County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Scott County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

**Blended Component Units** – There are no legally separate component units of Scott County that meet the criteria for being reported as part of the primary government by the blending method.

**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 Scott County School Department operates the public school system in the county, and the voters of Scott County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Scott County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Scott County, and the Scott 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 Scott County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Scott County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of

the Scott County School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Scott County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Scott County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Scott County Emergency Communications District  
P.O. Box 406  
Huntsville, TN 37756

**Related Organization** – The county’s officials are also responsible for appointing members of the East Tennessee Partnership Incorporation, a Tennessee nonprofit organization, and the Scott County Industrial Development Board. The county’s accountability for these organizations does not extend beyond making the appointments.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Scott 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.

Scott County issues all debt for the discretely presented Scott County School Department. During the year ended June 30, 2005, Scott County issued \$3,460,741 of debt for school purposes. Proceeds from these debt issues were deposited into the primary government’s Education Capital Projects Fund. During the year, \$3,858,120 of capital assets constructed through the

Education Capital Projects Fund were contributed to the discretely presented Scott County School Department.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and enterprise 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 funds and fiduciary funds financial statements. 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 Scott County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Scott County has two enterprise funds, each of which is considered a major fund. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

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. Scott County considers grant 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 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.

Proprietary fund and fiduciary fund financial statements are reported using the economic resources 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Scott 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.

**Ambulance Service Fund** – This fund accounts for the transactions of the Scott County Ambulance Service Department.

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

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

**Rural Debt Service Fund** – This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related cost for debt issued that benefited the areas of Scott County outside the Special School District (Oneida).

**Education Capital Projects Fund** – The Education Capital Projects Fund is used to account for certain capital expenditures of the Scott County School Department.

Scott County also reports the following major proprietary funds:

**Public Utility Fund** – This fund is used to account for the operation of the county-owned wastewater treatment facility.

**Solid Waste/Disposal Fund** – This fund is used to account for the operation of the county-owned landfill.

Additionally, Scott County reports the following fund type:

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Scott County, the city school system's share of educational revenues, and assets held in a custodial capacity for the judicial district drug task force. 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 Scott 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.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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. The county has two proprietary funds, enterprise funds used to account for the county's wastewater facility and the county's landfill. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenues of the county's enterprise funds are charges for services. Operating expenses for the enterprise funds include various operational expenses for wastewater treatment and landfill operation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

For purposes of the statement of cash flows, cash includes cash on deposit with the county trustee, net of a cash overdraft of \$272 reflected as a liability.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

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

**2. Receivables and Payables**

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. The allowance for ambulance receivables is comprised of estimated amounts of write-offs involving Medicare and Medicaid and estimated amounts of other collections based on history of the source of receipt (i.e., insurance companies and private citizens). The allowance for uncollectible property taxes is equal to 4.6 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

### **3. Inventories**

Inventories of Scott County are recorded at cost, determined on the first-in, first-out method. Inventories are offset by a reserve of fund balance in governmental funds to indicate that amounts are not available for appropriation.

**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 and the business-type 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 three 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
Other Capital Assets	5-15
Infrastructure	20-50

**5. Compensated Absences**

It is the primary government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The discretely presented School Department's policy allows employees to accumulate sick pay benefits but not vacation benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide 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. Vacation benefits are accrued when earned in the enterprise funds.

## **6. Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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 are recognized to the extent that the liabilities have matured (come due for payment) each period.

## **7. Net Assets and Fund Equity**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2005, Scott County had \$13,614,813 in outstanding debt for capital purposes for the discretely presented Scott County School Department. The debt is a liability of Scott County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Scott County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$276,620 with the primary restrictions being for: (1) Solid Waste/Sanitation (\$117,381); (2) District Attorney General (\$32,269); (3) Fraud and Crime Prosecution Act (\$35,328); and (4) General Capital Projects (\$35,000). For the discretely presented Scott County School Department, the account balance in Restricted for Other Purposes (\$521,751) consists of restrictions for various federal assistance programs with the primary restrictions being for: (1) School Lunch and Breakfast Program (\$170,333); (2) Title I Grants to Local Educational Agencies (\$130,748); (3) Special Education – Grants to States (\$70,241); and (4) Vocational Projects (\$65,306).

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

#### Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

#### Discretely Presented Scott County School Department

The discretely presented Scott County School Department's Exhibit J-2 includes explanations of the nature of individual elements of items required

to reconcile fund balances – total governmental funds and net assets of governmental funds reported in the government-wide statement of net assets.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – governmental funds and changes in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Scott County School Department

The discretely presented Scott County School Department's Exhibit J-4 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – total governmental funds and changes in net asset of governmental funds as reported in the government-wide statement of activities.

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

**A. Deficit Fund Equity/Unrestricted Net Assets/Cash Overdraft**

The Drug Control Fund had a deficit fund balance of \$15,208 on June 30, 2005. This deficit is expected to be liquidated as revenues and other sources are received for the 2005-06 year.

The Education Capital Projects Fund had a deficit unreserved fund balance of \$710,051 at June 30, 2005. This fund deficit resulted from the unperformed portions of construction projects of \$261,368 being reserved as encumbrances and \$588,062 being reflected as current liabilities. Additional funding for these obligations and commitments is expected to be received from local revenue and future debt issuance. However, as of the date of this report, the county has only issued additional debt of \$666,459 for this project, and this fund has not received any local revenue.

The Community Development/Industrial Park Fund had a deficit unreserved fund balance of \$191,779 on June 30, 2005. This deficit resulted from the unperformed portions of construction projects of \$156,994 being reserved as encumbrances and retainage of \$36,287 being reflected as a liability. Management expects that this deficit will be liquidated subsequent to June 30, 2005, when additional grant revenue is received.

The Public Utility Fund (enterprise fund) reflected total net assets of \$1,777,524, but had an unrestricted net assets deficit of \$116,280 on June 30, 2005. This fund also reflected a cash overdraft in the amount of

\$272. Management plans to review operations, including rates charged to customers and make necessary adjustments to liquidate both the unrestricted net assets deficit and the cash overdraft.

The Solid Waste Disposal Fund (enterprise fund) reflected a deficit in total net assets of \$368,725 and had an unrestricted net assets deficit of \$433,507 on June 30, 2005. This deficit resulted primarily from a liability of \$412,384 being recorded for closure/postclosure care costs. See Footnote IV.F. Landfill Closure/Postclosure Care Cost for more information relating to this liability.

**B. Estimated Fund Balances Varied From Actual By Material Amounts**

The actual fund balance of the General Fund at July 1, 2004, was (\$74,887); however the estimate of the fund balance in the budget presented to the County Commission was \$167,677, a difference of \$241,823. This overstatement was in part due to the county's failure to consider the effect of outstanding encumbrances recorded for a construction contract in the amount of \$152,033.

The actual fund balance of the Ambulance Service Fund at July 1, 2004, was \$634,720; however the estimate of the fund balance in the budget presented to the County Commission was \$486,639, a difference of \$148,081.

The actual fund balance of the School Cafeteria Fund at July 1, 2004, was \$160,936; however the estimate of the fund balance in the budget presented to the County Commission was \$0.

**C. Expenditures Exceeded Appropriations in Several Major Categories**

Expenditures exceeded appropriations approved by the County Commission in 13 major appropriation categories of the General Fund in amounts ranging from \$2 to \$1,552. Such overexpenditures are a violation of state statutes. These overexpenditures were funded from available fund balance.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Scott County and the Scott County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and Investments reflected on the balance sheets or statements of net assets represent 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. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2005.

## **B. Capital Assets**

### **Primary Government**

Capital asset activity for the year ended June 30, 2005, was as follows:

**Governmental Activities:**

	Balance			Balance
	7-1-04	Increases	Decreases	6-30-05
Capital Assets Not Depreciated:				
Land	\$ 1,739,283	\$ 0	\$ 0	\$ 1,739,283
Construction in Progress	589,019	639,655	(1,228,674)	0
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,328,302</b>	<b>\$ 639,655</b>	<b>\$ (1,228,674)</b>	<b>\$ 1,739,283</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,153,792	\$ 825,822	\$ 0	\$ 6,979,614
Infrastructure	373,069	451,387	0	824,456
Other Capital Assets	1,555,137	480,477	(56,565)	1,979,049
<b>Total Capital Assets Depreciated</b>	<b>\$ 8,081,998</b>	<b>\$ 1,757,686</b>	<b>\$ (56,565)</b>	<b>\$ 9,783,119</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,363,818	\$ 140,926	\$ 0	\$ 2,504,744
Infrastructure	10,104	9,327	0	19,431
Other Capital Assets	646,045	187,402	(48,690)	784,757
<b>Total Accumulated Depreciation</b>	<b>\$ 3,019,967</b>	<b>\$ 337,655</b>	<b>\$ (48,690)</b>	<b>\$ 3,308,932</b>
<b>Total Capital Assets, Net</b>	<b>\$ 5,062,031</b>	<b>\$ 1,420,031</b>	<b>\$ (7,875)</b>	<b>\$ 6,474,187</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 7,390,333</b>	<b>\$ 2,059,686</b>	<b>\$ (1,236,549)</b>	<b>\$ 8,213,470</b>

The July 1, 2004, beginning balance of Governmental Activities Capital Assets, Net has been restated by \$87,033 to correct errors in amounts previously reported.

The above table does not include all hospital and nursing home facility assets owned by Scott County. Those facilities and the operations have been leased to other parties. See footnote IV.F. for a discussion of those leases. Management was unable to determine carrying values and accumulated depreciation for these leased assets.

The county also acquired medical equipment from the previous hospital lessee during the year and resold that equipment to the new lessee of the facility. The amount paid to the previous lessee and subsequently obtained from the new lessee for the equipment was \$2,100,058. Those transactions are not reflected in the above table.

**Business-Type Activities:**

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
<b>Capital Assets Not Depreciated:</b>				
Land	\$ 70,000	\$ 0	\$ 0	\$ 70,000
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 70,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 70,000</b>
<b>Capital Assets Depreciated:</b>				
Buildings and Improvements	\$ 119,344	\$ 0	\$ 0	\$ 119,344
Other Capital Assets	2,644,053	0	(22,100)	2,621,953
<b>Total Capital Assets Depreciated</b>	<b>\$ 2,763,397</b>	<b>\$ 0</b>	<b>\$ (22,100)</b>	<b>\$ 2,741,297</b>
<b>Less Accumulated Depreciation For:</b>				
Buildings and Improvements	\$ 61,823	\$ 5,967	\$ 0	\$ 67,790
Other Capital Assets	278,382	53,539	(22,000)	309,921
<b>Total Accumulated Depreciation</b>	<b>\$ 340,205</b>	<b>\$ 59,506</b>	<b>\$ (22,000)</b>	<b>\$ 377,711</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 2,423,192</b>	<b>\$ (59,506)</b>	<b>\$ (100)</b>	<b>\$ 2,363,586</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 2,493,192</b>	<b>\$ (59,506)</b>	<b>\$ (100)</b>	<b>\$ 2,433,586</b>

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

Governmental Activities:

General Government	\$ 135,858
Administration of Justice	129
Finance	2,220
Public Safety	51,865
Public Health and Welfare	53,041
Other Operations	10,506
Highways	<u>84,036</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 337,655</u>
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Business-type Activities:

Sewer	\$ 58,216
Solid Waste Disposal	<u>1,290</u>

Total Depreciation Expense - Business-type Activities	<u>\$ 59,506</u>
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Discretely Presented Scott County School Department

Capital asset activity for the year ended June 30, 2005, was as follows:

**Governmental Activities:**

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 654,338	\$ 22,223	\$ (16,000)	\$ 660,561
Construction in Progress	<u>175,712</u>	<u>3,858,120</u>	<u>0</u>	<u>4,033,832</u>
Total Capital Assets Not Depreciated	<u>\$ 830,050</u>	<u>\$ 3,880,343</u>	<u>\$ (16,000)</u>	<u>\$ 4,694,393</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 15,306,468	\$ 27,052	\$ (60,000)	\$ 15,273,520
Other Capital Assets	<u>2,352,731</u>	<u>7,400</u>	<u>(108,132)</u>	<u>2,251,999</u>
Total Capital Assets Depreciated	<u>\$ 17,659,199</u>	<u>\$ 34,452</u>	<u>\$ 17,525,519</u>	<u>\$ 17,525,519</u>

**Governmental Activities: (Cont.)**

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Less Accumulated Depreciation For:				
Buildings and				
Improvements	\$ 5,736,729	\$ 377,446	(2,750)	\$ 6,111,425
Other Capital Assets	1,479,010	137,093	(108,132)	1,507,971
<hr/>				
Total Accumulated				
Depreciation	\$ 7,215,739	\$ 514,539	(110,882)	\$ 7,619,396
<hr/>				
Total Capital Assets				
Depreciated, Net	\$ 10,443,460	\$ (480,087)	57,250	\$ 9,906,123
<hr/>				
Governmental Activities				
Capital Assets, Net	\$ 11,273,510	\$ 3,400,256	73,250	\$ 14,600,516
<hr/> <hr/>				

The July 1, 2004, balance of Governmental Activities Capital Assets, Net has been restated by \$250,633 to correct errors in amounts previously reported.

Depreciation expense totaling \$514,539 was charged by the discretely presented Scott County School Department.

**C. Construction Commitments**

At June 30, 2005, the county had various uncompleted water and sewer line construction projects of \$156,994 in the Community Development/Industrial Park Fund. Funding will be provided through federal and state grants.

At June 30, 2005, the county had various school building uncompleted construction projects of \$261,368 in the Education Capital Projects Fund. Funding is expected to be provided through authorized debt agreements that the county issues as the projects progress.

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

The composition of interfund balances as of June 30, 2005, is as follows:

**Due to/from other funds:**

Primary Government:

Receivable Fund	Payable Fund	Amount
General	Ambulance Service	\$ 3,509
General	Highway/Public Works	8,461
General	Public Utility	102,663
General	Nonmajor governmental	22,856
Ambulance Service	General	205,000
Highway/Public Works	General	9,054
Rural Debt Service	Education Capital Projects	22,579
General Debt Service	Public Utility	6,325
General Debt Service	Nonmajor governmental	14,330
Nonmajor governmental	General	83,848
Nonmajor governmental	Public Utility	<u>2,375</u>
Total		<u>\$ 481,000</u>

These balances resulted from either correction of posting errors or 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 units:**

Receivable Fund	Payable Fund	Amount
Primary government: General	Component unit: Scott County School Department	<u>\$ 2,942</u>
Total		<u>\$ 2,942</u>

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government:

<u>Transfer Out</u>	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Public Utility Fund</u>	<u>Nonmajor Governmental Fund</u>
Amulance	\$ 370,000	\$ 0	\$ 0
Solid Waste Disposal	0	0	174,023
General Debt Service	0	29,055	0
Nonmajor funds	8,000	12,004	0
Total	<u>\$ 378,000</u>	<u>\$ 41,059</u>	<u>\$ 174,023</u>

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

Discretely Presented School Department

<u>Transfer Out</u>	<u>Transfer In</u>
	<u>General Purpose School</u>
School Federal Projects	<u>\$ 14,160</u>
Total	<u>\$ 14,160</u>

**E. Payables**

Retainage payable totaling \$42,628 in the various capital projects funds of Scott County represents amounts withheld from payments made to contractors on construction projects to ensure contract performance. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

Other Current Liabilities in the discretely presented Scott County School Department represent amounts due for health insurance premiums, which will be drawn by the insurance pool during July and August.

**F. Income from Operating Lease Commitments**

In previous years, Scott County had leased its hospital operations to East Tennessee Health Systems, Inc. That lease agreement was terminated during the year and Scott County entered into a new agreement with Artentus of

Scott County, LLC (Artentus) for the operation of the hospital. That agreement is for an initial term of three years and required a prepayment of rent for the entire period. The agreement states that the prepaid rent is nonrefundable, with certain exceptions stipulated, including default by the county with terms of the agreement and casualty loss to the facility. The lessee is required to maintain insurance coverage to protect the county in the event of a casualty loss. Prepaid rent amounted to \$2,902,907 received by the county during the year. This represented gross rent of \$3,300,000 for the three year initial term of the lease, less certain assumed liabilities, legal and closing costs. Those rentals were placed in the General Fund.

This agreement also provides for the construction of a new hospital facility by Artentus on land to be purchased by the county and leased to Artentus through a 50 year ground lease.

Scott County has also leased operations of its nursing home to Preferred Health Services until August 31, 2013. Terms of the agreement call for Preferred Health Services to assume most current assets and liabilities of the nursing home and to pay Scott County a monthly payment. The payments under this agreement are approximately \$80,640 annually. The agreement includes a cancellation clause; therefore, a schedule of future income is not prepared for this agreement.

Management was unable to determine a carrying value for these leased properties and accumulated depreciation amounts.

**G. Capital Leases**

Scott County has entered into capital lease agreements to finance the acquisition of certain capital assets. These agreements provided for original terms of up to five years at interest rates ranging from three to six percent. The gross amount of assets acquired through capital lease agreements outstanding at June 30, 2005, is as follows:

Equipment	\$ 67,205
Vehicles	119,671

Future minimum payments under capital leases consisted of the following at June 30, 2005:

Primary Government

Year Ending June 30	Governmental Funds
2006	\$ 41,031
2007	40,622
2008	40,214
2009	26,362
2010	23,192
Total Minimum Lease Payments	\$ 171,421
Amount Representing Interest	(14,038)
	<hr/>
Present Value of Minimum Lease Payments	\$ 157,383

**H. Long-term Debt**

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition, construction, and renovation of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. 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 38 years for bonds, up to 12 years for notes, and up to 26 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. Outstanding notes in the amount of \$389,027 and outstanding bonds in the amount of \$83,858 are scheduled to be retired from the Highway/Public Works Fund. Outstanding bonds in the amount of \$260,000 are scheduled to be retired from the General Fund. All other notes, bonds, and other loans outstanding are scheduled to be retired from the debt service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds	3.75 to 5 %	\$ 1,955,000	\$ 1,715,000
General Obligation Bonds - Refunding	1.1 to 4.5	14,950,000	12,060,000
Capital Outlay Notes	2.97 to 4.49	1,661,738	1,448,935
Other Loans - 1995 Issue	variable	1,000,000	768,900
Other Loans - 2003 Issue	variable	3,000,000	2,882,000
Capital Leases	3 to 3.99	186,876	157,383

In prior years, Scott County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$1,000,000 and \$3,000,000 to Scott County for various renovation and construction projects. The loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (administrative, letter of credit, debt remarketing, etc.) in connection with these loans. At June 30, 2005, the variable interest rate was 2.05 percent on the \$1,000,000 loan and 2.13 percent on the \$3,000,000 loan. Other fees amounted to approximately .58 percent of the outstanding loan principal on the \$1,000,000 loan and approximately .43 percent of the outstanding loan principal on the \$3,000,000 loan.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 1,036,000	\$ 632,302	\$ 184,987	\$ 53,911
2007	962,000	516,051	337,986	47,058
2008	963,000	486,211	330,043	36,201
2009	874,000	454,656	96,711	21,956
2010	830,000	423,322	96,711	18,288
2011-2015	3,355,000	1,637,054	402,497	38,762
2016-2020	1,200,000	1,171,331	0	0
2021-2025	1,910,000	905,245	0	0
2026-2030	2,470,000	351,455	0	0
2031-2035	175,000	25,889	0	0
Total	\$ 13,775,000	\$ 6,603,516	\$ 1,448,935	\$ 216,176

Year Ending June 30	Other Loans Payable			Total
	Principal	Interest	Other Fees	
2006	\$ 153,500	\$ 76,879	\$ 16,845	\$ 247,224
2007	159,100	73,625	16,131	248,856
2008	164,800	70,254	15,392	250,446
2009	170,600	66,762	14,625	251,987
2010	176,500	63,148	13,830	253,478
2011-2015	985,200	256,795	56,153	1,298,148
2016-2020	1,175,700	144,719	31,337	1,351,756
2021-2023	665,500	29,629	6,102	701,231
Total	<u>\$ 3,650,900</u>	<u>\$ 781,811</u>	<u>\$ 170,415</u>	<u>\$ 4,603,126</u>

There is \$347,505 available in the debt service funds to service general long-term debt. General bonded debt per capita amounted to \$142, based on the 2000 federal census for residents living inside the Oneida School District and \$741, for residents living outside the Oneida School District. Total long-term debt per capita, including notes, other loan proceeds, and leases, totaled \$234, for residents living inside the Oneida Special School District and \$1,022, for residents living outside the Oneida Special School District.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

	Bonds	Notes	Capital Leases
Balance, July 1, 2004	\$ 8,535,000	\$ 1,300,588	\$ 63,291
Additions	6,285,000	300,000	119,671
Deductions	(1,045,000)	(151,653)	(25,579)
Balance, June 30, 2005	<u>\$ 13,775,000</u>	<u>\$ 1,448,935</u>	<u>\$ 157,383</u>
Balance Due Within One Year	<u>\$ 1,036,000</u>	<u>\$ 184,987</u>	<u>\$ 35,805</u>

	Other Loans	Accrued Leave
Balance, July 1, 2004	\$ 5,675,326	\$ 88,330
Additions	2,655,741	84,947
Deductions	(4,680,167)	(106,723)
Balance, June 30, 2005	<u>\$ 3,650,900</u>	<u>\$ 66,554</u>
Balance Due Within One Year	<u>\$ 153,500</u>	<u>\$ 13,311</u>

Additions to bonds includes \$260,000 of debt assumed with the termination of a hospital lease during the year. During the lease period, the leasee had been liable for the bonds.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 19,098,772
Less: Balance Due Within One Year	(1,423,603)
Less: Deferred Amount on Refunding	<u>(112,682)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 17,562,487</u>

Compensated absences will be liquidated from the individual funds from which the related salaries and wages are paid.

Advance Refunding

During the year, Scott County advance refunded an outstanding zero-interest loan agreement (\$4,359,914), which had a final maturity date of November 1, 2011, with a separate general obligation bond issue. The county issued \$4,570,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. The reacquisition price exceeded the net carrying amount of the old debt by \$59,562. This amount is being netted against the new debt and amortized over the life of the old debt, which is shorter than the life of the new debt. As a result, the refunded debt is considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 24 years will be increased by approximately \$4,050,000, and an economic loss (difference between the present value of the debt service payments of the refunded and refunding debt) of approximately \$750,000 was incurred. The refunding was entered into to extend the life of the outstanding commitment and to level debt service requirements in future years. Management expects to recover approximately \$1,190,000 of the extra cost through investment income generated by the trust over the life of the old debt.

Primary Government – Enterprise Funds

The annual requirements for all enterprise fund outstanding bonds and notes at June 30, 2005, including interest payments, are as follows:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 10,000	\$ 18,930	\$ 7,667	\$ 1,924
2007	10,000	18,770	54,666	1,684
2008	10,000	18,570	0	0
2009	10,000	18,340	0	0
2010	15,000	18,075	0	0
2011-2015	90,000	82,795	0	0
2016-2020	115,000	64,185	0	0
2021-2025	145,000	37,500	0	0
2026-2027	70,000	4,935	0	0
Total	\$ 475,000	\$ 282,100	\$ 62,333	\$ 3,608

Changes in Long-term Liabilities

Long-term liability activity for the enterprise funds for the year ended June 30, 2005, was as follows:

	Bonds	Notes	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2004	\$ 485,000	\$ 70,000	\$ 460,477
Deductions	(10,000)	(7,667)	(48,093)
Balance, June 30, 2005	\$ 475,000	\$ 62,333	\$ 412,384
Current Portion	\$ 10,000	\$ 7,667	\$ 262,384
Long-term Portion	465,000	54,666	150,000
Total	\$ 475,000	\$ 62,333	\$ 412,384

The outstanding bonds are payable from the Public Utility Fund and includes one issue, Refunding Bonds issued October 21, 2003. These bonds have interest rates ranging from 1.1 to 4.7 percent, with the last payment due on June 1, 2027. The outstanding notes are payable from the Solid Waste Disposal Fund and represent a note issued during the year and maturing June 30, 2007. The note carries an interest rate of 3.05 percent. Landfill closure/postclosure care costs will be retired from the Solid Waste Disposal Fund.

**I. Short-term Debt**

Scott County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2005, was as follows:

	Balance 7-1-04	Issued	Redeemed	Balance 6-30-05
Tax Anticipation Notes	\$ 0	\$ 300,000	\$ (300,000)	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

The discretely presented Scott County School Department is exposed to various risks related to general liability, property, casualty losses, and workers' compensation. The School Department has decided it was more economically feasible to join public entity risk pools instead of purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The School Department joined the Tennessee School Board Risk Management Trust (TSB-RMT), which is a public entity risk pool established by Tennessee School Board Association, an association of member school departments. The School Department pays an annual premium to the TSB-RMT for its general liability, property, casualty, and workers' compensation coverage. The creation of the TSB-RMT provides for it to be self-sustaining through members' premiums.

The Scott County School Department has joined the Local Government Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that were established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF 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. The state statute provides for the LGGIF to be self-sustaining through member premiums.

It is the policy of the Scott County general government to purchase commercial insurance for workers' compensation and employee health. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. Scott County primary government has joined the Tennessee School Board Risk Management Trust, as discussed above, for its general liability, property, and casualty coverage.

**B. Accounting Change**

During the year, Scott County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

In prior years we had erroneously reported the Scott Appalachian Industries as a discretely presented component unit of Scott County whose financial statements were not available from other auditors for inclusion in our reports. However, it has been determined that the Scott Appalachian Industries is a nonprofit education and training center for the handicapped with no legal or financial relationship with Scott County and should not have been referred to as a component unit.

**C. Subsequent Event**

Subsequent to June 30, 2005, Scott County issued previously authorized capital outlay notes totaling \$1,563,219 to fund the majority of the uncompleted construction contracts and new capital projects.

**D. Change in Administration**

Jan Burress, Scott County Circuit and General Sessions Courts Clerk, died on December 2, 2004. Sharon Marcum, deputy clerk, served as interim clerk until Verda Cope, Jr., was appointed to fill the vacancy effective December 27, 2004.

**E. Litigation**

Scott County is a defendant in the following cases for which management is unable to determine the likelihood of an unfavorable outcome against the county:

- a. A case brought by a former Sheriff's Department employee alleging Scott County violated compensation provisions of the Fair Labor Standards Act. Potential exposure exceeds \$10,000.

- b. A case filed in the Scott Circuit Court on September 29, 2005, alleging that the plaintiff suffered physical injuries when he fell from the steps of the ambulance dock at the Scott County Hospital on June 26, 2003. Potential exposure exceeds \$10,000.
- c. The following cases have been submitted to the county's insurance carrier. The insurance carrier accepted the claims under a full and complete reservation of rights. Therefore, the cases, if successful, could result in material liability to the county.
  - 1. A case involving a former director of schools who alleges violation of property and tenure rights. Potential exposure in the case ranges from \$20,000 to \$150,000.
  - 2. A lawsuit seeking damages in an amount not to exceed \$10,000,000 in a case for the wrongful death of a deputy sheriff, who was shot and killed in the line of duty on November 28, 2003.
  - 3. A lawsuit seeking compensatory damages of \$2,500,000 and punitive damages of \$500,000 by an individual alleging the defendants (Scott County and various employees/agents), conspired to cover up the facts concerning the death of a county deputy sheriff.
  - 4. A lawsuit seeking actual and punitive damages in an unspecified amount against members of law enforcement. The complaint is not specific as to the identity of officers or department.
  - 5. A case filed in the U.S. District Court on March 25, 2005, by an individual claiming severe emotional damage from a former Scott County deputy. Potential exposure exceeds \$10,000.

The county is also involved in several other lawsuits. Management believes the outcome of those other lawsuits not covered by insurance will not materially affect the financial statements of the primary government or the discretely presented Scott County School Department.

**F. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Waste is no longer accepted at the county-owned landfill site. The Solid

Waste Disposal Fund reported a liability of \$412,384 for landfill closure and postclosure care at June 30, 2005. This amount is based on estimates of what it would have cost to perform all closure and postclosure care in 2005. Actual cost may be different due to inflation, changes in technology, or changes in regulations.

Scott County currently contracts with a private business to provide trash collection and disposal services. Management plans to fund the above-noted landfill closure and postclosure care costs through the issuance of long-term debt, contributions from the General and Solid Waste/Sanitation Funds, and funds received from the private business under various contracts and agreements.

**G. Joint Venture**

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between district attorney general of the Eighth Judicial District; Campbell, Claiborne, Fentress, Scott, and Union 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 including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Scott County made no contributions to the DTF for the year ended June 30, 2005, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

District Attorney General's Office  
Eighth Judicial District  
P. O. Box 10  
Huntsville, TN 37756

**H. Retirement Commitments**

**Plan Description**

Employees of Scott County re members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no

service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Scott County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Scott County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 1.2 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Scott County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2005, Scott County's annual pension cost of \$65,907 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Scott County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

### Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$65,907	100%	\$0
6-30-04	0	100	0
6-30-03	( 3,183)	100	0

**Required Supplementary Information**  
Schedule of Funding Progress for Scott County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b) - (a)	(a/b)	(c)	
6-30-03	\$14,833	\$14,833	\$0	100%	\$4,903	0%
6-30-01	14,298	14,298	0	100	4,525	0
6-30-99	12,917	12,917	0	100	3,967	0

### SCHOOL TEACHERS

#### Plan Description

The Scott County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the

Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us). Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/Schools/>.

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Scott County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Scott County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were \$501,161, \$299,961, and \$289,389, respectively, equal to the required contributions for each year.

#### **I. Office of Central Accounting**

Scott County operates under provisions of the Financial Management System of 1981. This system creates a Financial Management Committee and provides for a director of finance to administer a central system of accounting, budgeting, and purchasing for county funds. The Financial Management Committee consists of the county mayor, superintendent of roads, director of schools, director of finance, three county commissioners, and one school board member.

#### **J. Purchasing Laws**

Purchasing procedures are governed by provisions of the County Financial Management System Act of 1981, which provide for purchases to be made by the Financial Management Committee. The committee established a policy that purchases exceeding \$2,000 for the Offices of County Mayor and Director of Schools are to be made on a competitive bid basis. The Uniform Road Law provides that purchases for the Road Department exceeding \$10,000 be made on a competitive bid basis.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,076,677	\$ 0	\$ 2,076,677	\$ 2,065,902	\$ 2,103,602	\$ (26,925)
Licenses and Permits	21,032	0	21,032	21,900	21,900	(868)
Fines, Forfeitures and Penalties	55,738	0	55,738	61,080	66,280	(10,542)
Charges for Current Services	173,146	0	173,146	173,300	178,940	(5,794)
Other Local Revenues	3,177,936	0	3,177,936	552,660	3,151,863	26,073
Fees Received from County Officials	664,580	0	664,580	673,000	673,000	(8,420)
State of Tennessee	1,090,090	0	1,090,090	1,094,723	1,184,659	(94,569)
Federal Government	923,264	0	923,264	79,174	1,060,195	(136,931)
Other Governments and Citizens Groups	6,542	0	6,542	0	6,502	40
<b>Total Revenues</b>	<b>\$ 8,189,005</b>	<b>\$ 0</b>	<b>\$ 8,189,005</b>	<b>\$ 4,721,739</b>	<b>\$ 8,446,941</b>	<b>\$ (257,936)</b>
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 492,628	\$ 0	\$ 492,628	\$ 141,149	\$ 497,810	\$ 5,182
County Mayor	212,991	0	212,991	195,393	213,991	1,000
County Attorney	49,145	0	49,145	48,621	49,147	2
Election Commission	139,415	0	139,415	151,200	151,661	12,246
Register of Deeds	121,049	0	121,049	121,152	121,885	836
Development	174,410	0	174,410	322,368	322,368	147,958
County Buildings	223,783	0	223,783	181,221	253,157	29,374
<u>Finance</u>						
Accounting and Budgeting	212,421	0	212,421	201,826	213,420	999
Property Assessor's Office	144,937	0	144,937	150,397	147,197	2,260
County Trustee's Office	120,706	0	120,706	111,138	120,492	(214)
County Clerk's Office	160,772	0	160,772	171,085	161,510	738
<u>Administration of Justice</u>						
Circuit Court	154,420	0	154,420	148,187	155,683	1,263

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Administration of Justice (Cont.)</u>						
General Sessions Court	\$ 83,779	\$ 0	\$ 83,779	\$ 82,160	\$ 82,914	\$ (865)
Chancery Court	93,925	0	93,925	95,638	94,145	220
District Attorney General	66,707	0	66,707	30,000	66,558	(149)
<u>Public Safety</u>						
Sheriff's Department	1,071,633	0	1,071,633	923,493	1,073,941	2,308
Special Patrols	62,584	0	62,584	62,175	62,582	(2)
Drug Enforcement	31,731	0	31,731	26,592	31,733	2
Jail	871,937	0	871,937	582,035	870,849	(1,088)
Juvenile Services	230,964	0	230,964	230,870	230,619	(345)
Fire Prevention and Control	2,000	0	2,000	2,000	2,000	0
Civil Defense	91,333	0	91,333	24,473	91,563	230
Rescue Squad	7,000	0	7,000	7,000	7,000	0
County Coroner/Medical Examiner	5,961	0	5,961	5,964	5,964	3
<u>Public Health and Welfare</u>						
Local Health Center	45,012	0	45,012	36,500	44,879	(133)
Other Local Health Services	148,552	0	148,552	180,770	180,957	32,405
General Welfare Assistance	13,489	0	13,489	2,250	13,557	68
Aid to Dependent Children	600	0	600	600	600	0
Other Local Welfare Services	183	0	183	244	244	61
Waste Pickup	884	0	884	0	0	(884)
Convenience Centers	327	0	327	0	0	(327)
<u>Social, Cultural and Recreational Services</u>						
Senior Citizens Assistance	46,624	0	46,624	36,933	45,072	(1,552)
Libraries	42,106	0	42,106	42,553	43,253	1,147
Other Social, Cultural and Recreational	19,123	0	19,123	16,590	18,722	(401)

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Agriculture &amp; Natural Resources</u>						
Agriculture Extension Service	\$ 26,690	\$ 0	\$ 26,690	\$ 27,358	\$ 27,358	\$ 668
<u>Other Operations</u>						
Tourism	282,340	0	282,340	47,000	282,537	197
Airport	427,222	(152,033)	275,189	225,714	415,063	139,874
Veterans' Services	19,775	0	19,775	18,960	20,061	286
Contributions to Other Agencies	135,557	0	135,557	70,225	138,417	2,860
Miscellaneous	143,144	0	143,144	165,000	141,882	(1,262)
<u>Highways</u>						
Highway and Bridge Maintenance	234	0	234	234	234	0
Litter and Trash Collection	32,197	0	32,197	31,737	31,737	(460)
<u>Instruction</u>						
Vocational Education Program	30,000	0	30,000	30,000	30,000	0
<u>Capital Projects</u>						
Public Health and Welfare Projects	2,100,058	0	2,100,058	0	2,100,058	0
<b>Total Expenditures</b>	<b>\$ 8,340,348</b>	<b>\$ (152,033)</b>	<b>\$ 8,188,315</b>	<b>\$ 4,948,805</b>	<b>\$ 8,562,820</b>	<b>\$ 374,505</b>
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ (151,343)	\$ 152,033	\$ 690	\$ (227,066)	\$ (115,879)	\$ 116,569
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 300,000	\$ 0	\$ 300,000	\$ 0	\$ 300,000	\$ 0
Capital Leases Issued	119,671	0	119,671	0	119,671	0
Proceeds From Sale of Capital Assets	2,100,058	0	2,100,058	0	2,100,058	0
Transfers In	378,000	0	378,000	230,000	378,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 2,897,729</b>	<b>\$ 0</b>	<b>\$ 2,897,729</b>	<b>\$ 230,000</b>	<b>\$ 2,897,729</b>	<b>\$ 0</b>

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 2,746,386	\$ 152,033	\$ 2,898,419	\$ 2,934	\$ 2,781,850	\$ 116,569
Fund Balance, July 1, 2004	77,887	(152,033)	(74,146)	167,677	167,677	(241,823)
Fund Balance, June 30, 2005	\$ 2,824,273	\$ 0	\$ 2,824,273	\$ 170,611	\$ 2,949,527	\$ (125,254)

Exhibit F-2

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 95,615	\$ 100,400	\$ 104,400	\$ (8,785)
Other Local Revenues	248,896	131,000	144,000	104,896
Federal Government	1,595,097	888,125	1,105,125	489,972
Total Revenues	<u>\$ 1,939,608</u>	<u>\$ 1,119,525</u>	<u>\$ 1,353,525</u>	<u>\$ 586,083</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,374,678	\$ 1,119,525	\$ 1,470,164	\$ 95,486
Total Expenditures	<u>\$ 1,374,678</u>	<u>\$ 1,119,525</u>	<u>\$ 1,470,164</u>	<u>\$ 95,486</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 564,930</u>	<u>\$ 0</u>	<u>\$ (116,639)</u>	<u>\$ 681,569</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (370,000)	\$ 0	\$ (370,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (370,000)</u>	<u>\$ 0</u>	<u>\$ (370,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 194,930	\$ 0	\$ (486,639)	\$ 681,569
Fund Balance, July 1, 2004	<u>634,720</u>	<u>0</u>	<u>486,639</u>	<u>148,081</u>
Fund Balance, June 30, 2005	<u>\$ 829,650</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 829,650</u>

Exhibit F-3

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 234	\$ 4,000	\$ 4,234	\$ (4,000)
Other Local Revenues	47,190	1,500	33,450	13,740
State of Tennessee	2,156,184	1,900,200	2,238,637	(82,453)
Federal Government	10,000	0	10,000	0
Total Revenues	<u>\$ 2,213,608</u>	<u>\$ 1,905,700</u>	<u>\$ 2,286,321</u>	<u>\$ (72,713)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 83,890	\$ 82,500	\$ 83,934	\$ 44
Highway and Bridge Maintenance	1,283,224	796,400	1,342,165	58,941
Operation and Maintenance of Equipment	222,404	252,400	249,870	27,466
Other Charges	95,097	111,100	99,076	3,979
Employee Benefits	162,935	132,000	164,022	1,087
Capital Outlay	548,791	345,000	650,567	101,776
<u>Principal</u>				
Highways and Streets	150,564	151,300	150,571	7
<u>Interest</u>				
Highways and Streets	19,369	35,000	34,742	15,373
Total Expenditures	<u>\$ 2,566,274</u>	<u>\$ 1,905,700</u>	<u>\$ 2,774,947</u>	<u>\$ 208,673</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (352,666)</u>	<u>\$ 0</u>	<u>\$ (488,626)</u>	<u>\$ 135,960</u>
Net Change in Fund Balance	\$ (352,666)	\$ 0	\$ (488,626)	\$ 135,960
Fund Balance, July 1, 2004	587,271	588,121	588,121	(850)
Fund Balance, June 30, 2005	<u>\$ 234,605</u>	<u>\$ 588,121</u>	<u>\$ 99,495</u>	<u>\$ 135,110</u>

**SCOTT COUNTY, TENNESSEE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2005**

**A. BUDGETARY INFORMATION**

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

The budgetary level of control is at the major category level established by the State 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 governing body may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

**B. THE ESTIMATED FUND BALANCES PRESENTED TO THE COUNTY COMMISSION VARIED FROM THE ACTUAL BALANCES BY MATERIAL AMOUNTS**

The actual fund balance of the General Fund at July 1, 2004, was (\$74,887); however the estimate of the fund balance in the budget presented to the County Commission was \$167,677, a difference of \$241,823. This overstatement was in part due to the county's failure to consider the effect of outstanding encumbrances recorded for a construction contract in the amount of \$152,033. Also, the actual fund balance of the Ambulance Service Fund at July 1, 2004, was \$634,720; however the estimate of the fund balance in the budget presented to the County Commission was \$486,639, a difference of \$148,081.

**C. EXPENDITURES EXCEEDED APPROPRIATIONS IN SEVERAL MAJOR CATEGORIES**

Expenditures exceeded appropriations approved by the County Commission in 13 major appropriation categories of the General Fund in amounts ranging from \$2 to \$1,552. Such overexpenditures are a violation of state statutes. These overexpenditures were funded from available fund balance.

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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 the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions dealing with the administration of the Solid Waste Board.

Special Purpose Fund – The Special Purpose Fund is used to account for revenues and expenditures associated with a probation program.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held in trust for the benefit of the Office of District Attorney General.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

# Capital Projects Funds

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The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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General Capital Projects Fund – The General Capital Projects Fund is used to account for the construction of a visitor center.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues and expenditures of various community development and industrial park projects. These projects primarily consist of water and sewer lines' additions and improvements.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for the construction of a veterans' memorial.

Exhibit G-1

Scott County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2005

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Special Purpose	Drug Control	District Attorney General	Constitutional Officers - Fees	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 454	\$ 454
Equity in Pooled Cash and Investments	116,551	4,389	3,919	32,269	0	157,128
Accounts Receivable	0	428	0	0	0	428
Due from Other Governments	830	0	0	0	0	830
Due from Other Funds	0	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 117,381</b>	<b>\$ 4,817</b>	<b>\$ 3,919</b>	<b>\$ 32,269</b>	<b>\$ 454</b>	<b>\$ 158,840</b>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Retainage Payable	0	0	0	0	0	0
Due to Other Funds	0	0	19,127	0	454	19,581
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 19,127</b>	<b>\$ 0</b>	<b>\$ 454</b>	<b>\$ 19,581</b>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal Reserves	0	0	0	0	0	0
Unreserved (Deficit)	117,381	4,817	(15,208)	32,269	0	139,259
<b>Total Fund Balances</b>	<b>\$ 117,381</b>	<b>\$ 4,817</b>	<b>\$ (15,208)</b>	<b>\$ 32,269</b>	<b>\$ 0</b>	<b>\$ 139,259</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 117,381</b>	<b>\$ 4,817</b>	<b>\$ 3,919</b>	<b>\$ 32,269</b>	<b>\$ 454</b>	<b>\$ 158,840</b>

(Continued)

Exhibit G-1

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 454
Equity in Pooled Cash and Investments	0	3,870	1,601	5,471	162,599
Accounts Receivable	0	0	0	0	428
Due from Other Governments	0	0	0	0	830
Due from Other Funds	35,986	50,237	0	86,223	86,223
Total Assets	<u>\$ 35,986</u>	<u>\$ 54,107</u>	<u>\$ 1,601</u>	<u>\$ 91,694</u>	<u>\$ 250,534</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 4,648	\$ 0	\$ 0	\$ 4,648	\$ 4,648
Retainage Payable	0	36,287	0	36,287	36,287
Due to Other Funds	0	17,605	0	17,605	37,186
Total Liabilities	<u>\$ 4,648</u>	<u>\$ 53,892</u>	<u>\$ 0</u>	<u>\$ 58,540</u>	<u>\$ 78,121</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 156,994	\$ 0	\$ 156,994	\$ 156,994
Other Federal Reserves	0	35,000	0	35,000	35,000
Unreserved (Deficit)	31,338	(191,779)	1,601	(158,840)	(19,581)
Total Fund Balances	<u>\$ 31,338</u>	<u>\$ 215</u>	<u>\$ 1,601</u>	<u>\$ 33,154</u>	<u>\$ 172,413</u>
Total Liabilities and Fund Balances	<u>\$ 35,986</u>	<u>\$ 54,107</u>	<u>\$ 1,601</u>	<u>\$ 91,694</u>	<u>\$ 250,534</u>

Exhibit G-2

Scott County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2005

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Special Purpose	Drug Control	District Attorney General	Constitutional Officers - Fees	
<u>Revenues</u>						
Fines, Forfeitures and Penalties	\$ 0	\$ 0	\$ 38,130	\$ 74,022	\$ 0	\$ 112,152
Charges for Current Services	705	22,037	0	0	50	22,792
Other Local Revenues	1,499	428	1,905	3,898	0	7,730
State of Tennessee	131,680	0	0	0	0	131,680
Federal Government	0	0	0	0	0	0
Total Revenues	\$ 133,884	\$ 22,465	\$ 40,035	\$ 77,920	\$ 50	\$ 274,354
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 50
Administration of Justice	0	21,624	0	90,967	0	112,591
Public Health and Welfare	188,897	0	0	0	0	188,897
Other Operations	0	0	56,841	764	0	57,605
Debt Service:						
Other Debt Service	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 188,897	\$ 21,624	\$ 56,841	\$ 91,731	\$ 50	\$ 359,143
Excess (Deficiency) of Revenues Over Expenditures	\$ (55,013)	\$ 841	\$ (16,806)	\$ (13,811)	\$ 0	\$ (84,789)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Premiums on Debt Issued	0	0	0	0	0	0
Transfers In	174,023	0	0	0	0	174,023
Transfers Out	0	(8,000)	0	0	0	(8,000)
Total Other Financing Sources (Uses)	\$ 174,023	\$ (8,000)	\$ 0	\$ 0	\$ 0	\$ 166,023
Net Change in Fund Balances	\$ 119,010	\$ (7,159)	\$ (16,806)	\$ (13,811)	\$ 0	\$ 81,234
Fund Balance, July 1, 2004	(1,629)	11,976	1,598	46,080	0	58,025
Fund Balance, June 30, 2005	\$ 117,381	\$ 4,817	\$ (15,208)	\$ 32,269	\$ 0	\$ 139,259

(Continued)

Exhibit G-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>					
Fines, Forfeitures and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 112,152
Charges for Current Services	0	0	0	0	22,792
Other Local Revenues	0	1,448	450	1,898	9,628
State of Tennessee	0	221,561	0	221,561	353,241
Federal Government	39,891	488,338	0	528,229	528,229
Total Revenues	\$ 39,891	\$ 711,347	\$ 450	\$ 751,688	\$ 1,026,042
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50
Administration of Justice	0	0	0	0	112,591
Public Health and Welfare	0	0	0	0	188,897
Other Operations	427,481	430	0	427,911	485,516
Debt Service:					
Other Debt Service	19,956	8,520	0	28,476	28,476
Capital Projects	40,182	872,232	0	912,414	912,414
Total Expenditures	\$ 487,619	\$ 881,182	\$ 0	\$ 1,368,801	\$ 1,727,944
Excess (Deficiency) of Revenues Over Expenditures	\$ (447,728)	\$ (169,835)	\$ 450	\$ (617,113)	\$ (701,902)
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 455,516	\$ 194,484	\$ 0	\$ 650,000	\$ 650,000
Premiums on Debt Issued	2,436	1,040	0	3,476	3,476
Transfers In	0	0	0	0	174,023
Transfers Out	0	(12,004)	0	(12,004)	(20,004)
Total Other Financing Sources (Uses)	\$ 457,952	\$ 183,520	\$ 0	\$ 641,472	\$ 807,495
Net Change in Fund Balances	\$ 10,224	\$ 13,685	\$ 450	\$ 24,359	\$ 105,593
Fund Balance, July 1, 2004	21,114	(13,470)	1,151	8,795	66,820
Fund Balance, June 30, 2005	\$ 31,338	\$ 215	\$ 1,601	\$ 33,154	\$ 172,413

Exhibit G-3

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 705	\$ 0	\$ 470	\$ 235
Other Local Revenues	1,499	830	1,288	211
State of Tennessee	131,680	11,700	137,100	(5,420)
Total Revenues	<u>\$ 133,884</u>	<u>\$ 12,530</u>	<u>\$ 138,858</u>	<u>\$ (4,974)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 899	\$ 26,247	\$ 13,866	\$ 12,967
Sanitation Education/Information	0	1,000	1,000	1,000
Waste Pickup	7,251	10,000	13,000	5,749
Convenience Centers	180,747	52,763	188,492	7,745
<u>Other Operations</u>				
Miscellaneous	0	20	0	0
Total Expenditures	<u>\$ 188,897</u>	<u>\$ 90,030</u>	<u>\$ 216,358</u>	<u>\$ 27,461</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (55,013)</u>	<u>\$ (77,500)</u>	<u>\$ (77,500)</u>	<u>\$ 22,487</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 174,023	\$ 77,500	\$ 77,500	\$ 96,523
Total Other Financing Sources (Uses)	<u>\$ 174,023</u>	<u>\$ 77,500</u>	<u>\$ 77,500</u>	<u>\$ 96,523</u>
Net Change in Fund Balance	\$ 119,010	\$ 0	\$ 0	\$ 119,010
Fund Balance, July 1, 2004	<u>(1,629)</u>	<u>0</u>	<u>0</u>	<u>(1,629)</u>
Fund Balance, June 30, 2005	<u>\$ 117,381</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 117,381</u>

Exhibit G-4

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Special Purpose Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 0	\$ 3,200	\$ 3,200	\$ (3,200)
Charges for Current Services	22,037	16,500	16,500	5,537
Other Local Revenues	428	0	0	428
Total Revenues	<u>\$ 22,465</u>	<u>\$ 19,700</u>	<u>\$ 19,700</u>	<u>\$ 2,765</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 21,624	\$ 19,700	\$ 24,021	\$ 2,397
Total Expenditures	<u>\$ 21,624</u>	<u>\$ 19,700</u>	<u>\$ 24,021</u>	<u>\$ 2,397</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 841</u>	<u>\$ 0</u>	<u>\$ (4,321)</u>	<u>\$ 5,162</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (8,000)	\$ 0	\$ (8,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (8,000)</u>	<u>\$ 0</u>	<u>\$ (8,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (7,159)	\$ 0	\$ (12,321)	\$ 5,162
Fund Balance, July 1, 2004	<u>11,976</u>	<u>0</u>	<u>12,321</u>	<u>(345)</u>
Fund Balance, June 30, 2005	<u>\$ 4,817</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,817</u>

Exhibit G-5

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 38,130	\$ 68,000	\$ 68,000	\$ (29,870)
Other Local Revenues	1,905	0	1,900	5
Total Revenues	<u>\$ 40,035</u>	<u>\$ 68,000</u>	<u>\$ 69,900</u>	<u>\$ (29,865)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 56,841	\$ 68,000	\$ 69,900	\$ 13,059
Total Expenditures	<u>\$ 56,841</u>	<u>\$ 68,000</u>	<u>\$ 69,900</u>	<u>\$ 13,059</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (16,806)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (16,806)</u>
Net Change in Fund Balance	\$ (16,806)	\$ 0	\$ 0	\$ (16,806)
Fund Balance, July 1, 2004	<u>1,598</u>	<u>0</u>	<u>0</u>	<u>1,598</u>
Fund Balance, June 30, 2005	<u><u>\$ (15,208)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (15,208)</u></u>

# Major Governmental Funds

## Debt Service Funds

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Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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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, debt principal, interest, and related costs.

Rural Debt Service Fund – The Rural Debt Service is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related cost for debt issued that benefited the areas of Scott County outside the Special School District (Oneida).

Exhibit H-1

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 563,996	\$ 625,763	\$ 625,763	\$ (61,767)
Licenses and Permits	931	1,100	1,100	(169)
Other Local Revenues	61,067	50,000	57,695	3,372
Total Revenues	<u>\$ 625,994</u>	<u>\$ 676,863</u>	<u>\$ 684,558</u>	<u>\$ (58,564)</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 566,706	\$ 582,448	\$ 566,707	\$ 1
<u>Interest</u>				
General Government	113,091	105,685	115,290	2,199
<u>Other Debt Service</u>				
General Government	14,192	15,000	15,000	808
Total Expenditures	<u>\$ 693,989</u>	<u>\$ 703,133</u>	<u>\$ 696,997</u>	<u>\$ 3,008</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (67,995)</u>	<u>\$ (26,270)</u>	<u>\$ (12,439)</u>	<u>\$ (55,556)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (29,055)	0	\$ (29,055)	0
Total Other Financing Sources (Uses)	<u>\$ (29,055)</u>	<u>0</u>	<u>\$ (29,055)</u>	<u>0</u>
Net Change in Fund Balance	\$ (97,050)	\$ (26,270)	\$ (41,494)	\$ (55,556)
Fund Balance, July 1, 2004	<u>279,632</u>	<u>274,741</u>	<u>274,741</u>	<u>4,891</u>
Fund Balance, June 30, 2005	<u>\$ 182,582</u>	<u>\$ 248,471</u>	<u>\$ 233,247</u>	<u>\$ (50,665)</u>

Exhibit H-2

Scott County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual and Budget  
 Rural Debt Service Fund  
 For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 804,217	\$ 828,920	\$ 828,920	\$ (24,703)
Other Local Revenues	14,072	0	0	14,072
Other Governments and Citizens Groups	185,773	185,773	185,773	0
Total Revenues	<u>\$ 1,004,062</u>	<u>\$ 1,014,693</u>	<u>\$ 1,014,693</u>	<u>\$ (10,631)</u>
<u>Expenditures</u>				
<u>Principal</u>				
Education	\$ 825,215	\$ 756,417	\$ 825,239	\$ 24
<u>Interest</u>				
Education	277,924	248,059	282,474	4,550
<u>Other Debt Service</u>				
Education	163,102	18,538	163,426	324
Total Expenditures	<u>\$ 1,266,241</u>	<u>\$ 1,023,014</u>	<u>\$ 1,271,139</u>	<u>\$ 4,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (262,179)</u>	<u>\$ (8,321)</u>	<u>\$ (256,446)</u>	<u>\$ (5,733)</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 4,570,000	0	\$ 4,570,000	0
Premiums on Debt Issued	15,813	0	15,813	0
Payments to Refunded Debt Escrow Agent	(4,419,476)	0	(4,419,476)	0
Total Other Financing Sources (Uses)	<u>\$ 166,337</u>	<u>\$ 0</u>	<u>\$ 166,337</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (95,842)	\$ (8,321)	\$ (90,109)	\$ (5,733)
Fund Balance, July 1, 2004	<u>260,765</u>	<u>255,211</u>	<u>255,211</u>	<u>5,554</u>
Fund Balance, June 30, 2005	<u>\$ 164,923</u>	<u>\$ 246,890</u>	<u>\$ 165,102</u>	<u>\$ (179)</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 areas 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.

Special School District Fund – The Special School District Fund is used to account for the tax levy for the Special School District (Oneida). These revenues are received by Scott County and remitted to the Special School District on a monthly basis.

City School ADA - Oneida Fund – The City School ADA - Oneida 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 schools systems on an average daily attendance basis. Collections are remitted to the city school system on a monthly basis.

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

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for amounts held in an agency for the Eighth Judicial District Drug Task Force.

Exhibit I-1

Scott County, Tennessee  
Combining Statements of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2005

	Agency Funds					Total
	Cities - Sales Tax	Special School District	City School ADA - Oneida	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 706,346	\$ 0	\$ 706,346
Equity in Pooled Cash and Investments	0	16,047	67,491	0	41,437	124,975
Accounts Receivable	0	0	0	1,235	229	1,464
Due from Other Governments	238,765	0	99,425	0	0	338,190
Property Taxes Receivable	0	511,692	951,216	0	0	1,462,908
Allowance for Uncollectible Property Taxes	0	(47,344)	(40,827)	0	0	(88,171)
Total Assets	<u>\$ 238,765</u>	<u>\$ 480,395</u>	<u>\$ 1,077,305</u>	<u>\$ 707,581</u>	<u>\$ 41,666</u>	<u>\$ 2,545,712</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 238,765	\$ 480,395	\$ 1,077,305	\$ 0	\$ 0	\$ 1,796,465
Due to Litigants, Heirs, and Others	0	0	0	707,581	0	707,581
Due to Joint Venture	0	0	0	0	41,666	41,666
Total Liabilities	<u>\$ 238,765</u>	<u>\$ 480,395</u>	<u>\$ 1,077,305</u>	<u>\$ 707,581</u>	<u>\$ 41,666</u>	<u>\$ 2,545,712</u>

Exhibit I-2

Scott County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,356,626	\$ 1,356,626	\$ 0
Due From Other Governments	224,875	238,765	224,875	238,765
<b>Total Assets</b>	<b>\$ 224,875</b>	<b>\$ 1,595,391</b>	<b>\$ 1,581,501</b>	<b>\$ 238,765</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 224,875	\$ 1,595,391	\$ 1,581,501	\$ 238,765
<b>Total Liabilities</b>	<b>\$ 224,875</b>	<b>\$ 1,595,391</b>	<b>\$ 1,581,501</b>	<b>\$ 238,765</b>
<u>Special School District</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 4,023	\$ 415,161	\$ 403,137	\$ 16,047
Property Taxes Receivable	541,940	511,692	541,940	511,692
Allowance for Uncollectible Taxes	(56,595)	(47,344)	(56,595)	(47,344)
<b>Total Assets</b>	<b>\$ 489,368</b>	<b>\$ 879,509</b>	<b>\$ 888,482</b>	<b>\$ 480,395</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 489,368	\$ 879,509	\$ 888,482	\$ 480,395
<b>Total Liabilities</b>	<b>\$ 489,368</b>	<b>\$ 879,509</b>	<b>\$ 888,482</b>	<b>\$ 480,395</b>
<u>City School ADA - Oneida Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 107,307	\$ 1,403,244	\$ 1,443,060	\$ 67,491
Due From Other Governments	92,889	99,425	92,889	99,425
Property Taxes Receivable	897,432	951,216	897,432	951,216
Allowance for Uncollectible Taxes	(46,801)	(40,827)	(46,801)	(40,827)
<b>Total Assets</b>	<b>\$ 1,050,827</b>	<b>\$ 2,413,058</b>	<b>\$ 2,386,580</b>	<b>\$ 1,077,305</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,050,827	\$ 2,413,058	\$ 2,386,580	\$ 1,077,305
<b>Total Liabilities</b>	<b>\$ 1,050,827</b>	<b>\$ 2,413,058</b>	<b>\$ 2,386,580</b>	<b>\$ 1,077,305</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,547,943	\$ 4,226,014	\$ 5,067,611	\$ 706,346
Accounts Receivable	3,979	1,235	3,979	1,235
<b>Total Assets</b>	<b>\$ 1,551,922</b>	<b>\$ 4,227,249</b>	<b>\$ 5,071,590</b>	<b>\$ 707,581</b>

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,551,922	\$ 4,227,249	\$ 5,071,590	\$ 707,581
Total Liabilities	\$ 1,551,922	\$ 4,227,249	\$ 5,071,590	\$ 707,581
<u>Judicial District Drug</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 27,476	\$ 254,731	\$ 240,770	\$ 41,437
Accounts Receivable	0	229	0	229
Total Assets	\$ 27,476	\$ 254,960	\$ 240,770	\$ 41,666
<u>Liabilities</u>				
Payroll Deductions	\$ 51	\$ 0	\$ 51	\$ 0
Due to Joint Venture	27,425	254,960	240,719	41,666
Total Liabilities	\$ 27,476	\$ 254,960	\$ 240,770	\$ 41,666
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,547,943	\$ 4,226,014	\$ 5,067,611	\$ 706,346
Equity in Pooled Cash and Investments	138,806	3,429,762	3,443,593	124,975
Account Receivables	3,979	1,464	3,979	1,464
Due From Other Governments	317,764	338,190	317,764	338,190
Taxes Receivable	1,439,372	1,462,908	1,439,372	1,462,908
Allowance for Uncollectible Taxes	(103,396)	(88,171)	(103,396)	(88,171)
Total Assets	\$ 3,344,468	\$ 9,370,167	\$ 10,168,923	\$ 2,545,712
<u>Liabilities</u>				
Payroll Deductions	\$ 51	\$ 0	\$ 51	\$ 0
Due to Other Taxing Units	1,765,070	4,887,958	4,856,563	1,796,465
Due to Litigants, Heirs, and Others	1,551,922	4,227,249	5,071,590	707,581
Due to Joint Venture	27,425	254,960	240,719	41,666
Total Liabilities	\$ 3,344,468	\$ 9,370,167	\$ 10,168,923	\$ 2,545,712

# Scott County School Department

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

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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 cafeteria operations in each of the schools.

Exhibit J-1

Scott County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Scott County School Department  
June 30, 2005

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Other Governmental Fund Central Cafeteria</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 187,672	\$ 25,875	\$ 9,727	\$ 223,274
Equity in Pooled Cash and Investments	104,874	261,868	162,436	529,178
Accounts Receivable	20,000	0	0	20,000
Due from Other Governments	394,988	0	0	394,988
Property Taxes Receivable	1,926,795	0	0	1,926,795
Allowance for Uncollectible Property Taxes	(84,005)	0	0	(84,005)
<b>Total Assets</b>	<b>\$ 2,550,324</b>	<b>\$ 287,743</b>	<b>\$ 172,163</b>	<b>\$ 3,010,230</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 114,478	\$ 0	\$ 0	\$ 114,478
Due to Primary Government	2,942	0	0	2,942
Other Current Liabilities	187,672	25,875	1,830	215,377
Deferred Revenue - Current Property Taxes	1,757,566	0	0	1,757,566
Deferred Revenue - Delinquent Property Taxes	77,047	0	0	77,047
Other Deferred Revenues	120,208	0	0	120,208
<b>Total Liabilities</b>	<b>\$ 2,259,913</b>	<b>\$ 25,875</b>	<b>\$ 1,830</b>	<b>\$ 2,287,618</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 30,503	\$ 0	\$ 0	\$ 30,503
Reserved for Vocational Projects	65,306	0	0	65,306
Other Local Education Reserves	7,780	0	0	7,780
Reserved for Career Ladder - Extended Contract	9,930	0	0	9,930
Reserved for Career Ladder Program	6,534	0	0	6,534
Reserved for Title I Grants to Local Education Agencies	0	130,748	0	130,748
Reserved for Innovative Education Program Strategies	0	24,593	0	24,593
Reserved for Special Education - Grants to States	0	36,286	0	36,286
Other Federal Reserves	0	70,241	0	70,241
Unreserved, Reported In:				
General Fund	170,358	0	0	170,358
Special Revenue Funds	0	0	170,333	170,333
<b>Total Fund Balances</b>	<b>\$ 290,411</b>	<b>\$ 261,868</b>	<b>\$ 170,333</b>	<b>\$ 722,612</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,550,324</b>	<b>\$ 287,743</b>	<b>\$ 172,163</b>	<b>\$ 3,010,230</b>

Scott County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Government-wide Statement of Net Assets  
Discretely Presented Scott County School Department  
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit J-1)	\$ 722,612
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	14,600,516
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	<u>197,255</u>
Net assets of governmental activities (Exhibit A)	<u><u>\$ 15,520,383</u></u>

Exhibit J-3

Scott County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Scott County School Department  
For the Year Ended June 30, 2005

	<u>Major Funds</u>		<u>Nonmajor</u> <u>Fund</u> <u>Other</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Purpose</u> <u>School</u>	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Govern-</u> <u>mental</u> <u>Fund</u> <u>Central</u> <u>Cafeteria</u>	
<u>Revenues</u>				
Local Taxes	\$ 2,931,751	\$ 0	\$ 0	\$ 2,931,751
Licenses and Permits	623	0	0	623
Charges for Current Services	22,618	0	267,647	290,265
Other Local Revenues	117,674	0	5,233	122,907
State of Tennessee	10,807,411	0	16,774	10,824,185
Federal Government	385,030	1,975,997	941,069	3,302,096
<b>Total Revenues</b>	<b>\$ 14,265,107</b>	<b>\$ 1,975,997</b>	<b>\$ 1,230,723</b>	<b>\$ 17,471,827</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 9,678,424	\$ 1,520,837	\$ 0	\$ 11,199,261
Support Services	4,146,339	403,310	0	4,549,649
Operation of Non-Instructional Services	393,997	0	1,221,326	1,615,323
Capital Outlay	107,883	0	0	107,883
<b>Total Expenditures</b>	<b>\$ 14,326,643</b>	<b>\$ 1,924,147</b>	<b>\$ 1,221,326</b>	<b>\$ 17,472,116</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (61,536)	\$ 51,850	\$ 9,397	\$ (289)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 14,160	\$ 0	\$ 0	\$ 14,160
Transfers Out	0	(14,160)	0	(14,160)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 14,160</b>	<b>\$ (14,160)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Net Change in Fund Balances	\$ (47,376)	\$ 37,690	\$ 9,397	\$ (289)
Fund Balance, July 1, 2004	337,787	224,178	160,936	722,901
<b>Fund Balance, June 30, 2005</b>	<b>\$ 290,411</b>	<b>\$ 261,868</b>	<b>\$ 170,333</b>	<b>\$ 722,612</b>

Exhibit J-4

Scott County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-wide Statement of Activities  
Discretely Presented Scott County School Department  
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit J-3)		\$	(289)
<p>(1) Governmental funds report capital outlay 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 depreciation and capital outlays is itemized as follows:</p>			
Add: Capital outlays in the current period	\$	56,675	
Less: Current year depreciation		<u>(514,539)</u>	(457,864)
<p>(2) Governmental funds only report the disposal of capital assets to the extent proceeds are received from the disposal. In the statement of activities, gains or losses are recorded for disposals.</p>			
Less: Proceeds received from disposals of capital assets	\$	(55,300)	
Less: Loss on disposals of capital assets		<u>(17,950)</u>	(73,250)
<p>(3) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.</p>			
			3,858,120
<p>(4) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
For the year ended June 30, 2004	\$	(182,351)	
For the year ended June 30, 2005		<u>197,255</u>	<u>14,904</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 3,341,621</u>

Exhibit J-5

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Scott County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,931,751	\$ 0	\$ 0	\$ 2,931,751	\$ 3,005,374	\$ 3,005,374	\$ (73,623)
Licenses and Permits	623	0	0	623	1,200	1,200	(577)
Charges for Current Services	22,618	0	0	22,618	60,000	25,822	(3,204)
Other Local Revenues	117,674	0	0	117,674	38,000	130,818	(13,144)
State of Tennessee	10,807,411	0	0	10,807,411	10,943,598	10,945,001	(137,590)
Federal Government	385,030	0	0	385,030	155,274	357,709	27,321
Total Revenues	\$ 14,265,107	\$ 0	\$ 0	\$ 14,265,107	\$ 14,203,446	\$ 14,465,924	\$ (200,817)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,825,801	\$ (29,383)	\$ 19,143	\$ 7,815,561	\$ 7,757,290	\$ 7,866,729	\$ 51,168
Alternative Instruction Program	57,630	0	0	57,630	59,214	58,664	1,034
Special Education Program	1,073,867	0	0	1,073,867	1,112,724	1,104,724	30,857
Vocational Education Program	532,813	0	0	532,813	489,635	546,866	14,053
Other	188,313	0	0	188,313	189,073	188,473	160
<u>Support Services</u>							
Attendance	64,640	0	0	64,640	69,626	67,126	2,486
Health Services	80,092	0	0	80,092	81,843	84,318	4,226
Other Student Support	262,577	0	0	262,577	258,077	262,577	0
Regular Instruction Program	408,908	0	0	408,908	416,256	426,756	17,848
Special Education Program	175,348	0	0	175,348	172,641	178,141	2,793
Board of Education	324,633	0	0	324,633	324,698	335,043	10,410
Director of Schools	196,159	0	0	196,159	206,635	200,219	4,060
Office of the Principal	636,641	0	0	636,641	632,853	643,353	6,712
Operation of Plant	957,612	0	0	957,612	1,011,586	993,346	35,734
Maintenance of Plant	129,110	0	0	129,110	136,593	140,043	10,933

(Continued)

Exhibit J-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 781,794	\$ 0	\$ 0	\$ 781,794	\$ 727,153	\$ 790,019	\$ 8,225
Central and Other	128,825	0	0	128,825	123,459	132,059	3,234
<u>Operation of Non-Instructional Services</u>							
Community Services	393,997	(9,632)	0	384,365	379,090	384,368	3
<u>Capital Outlay</u>							
Regular Capital Outlay	107,883	0	11,360	119,243	75,000	119,717	474
Total Expenditures	\$ 14,326,643	\$ (39,015)	\$ 30,503	\$ 14,318,131	\$ 14,223,446	\$ 14,522,541	\$ 204,410
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (61,536)	\$ 39,015	\$ (30,503)	\$ (53,024)	\$ (20,000)	\$ (56,617)	\$ 3,593
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 14,160	\$ 0	\$ 0	\$ 14,160	\$ 20,000	\$ 20,000	\$ (5,840)
Total Other Financing Sources (Uses)	\$ 14,160	\$ 0	\$ 0	\$ 14,160	\$ 20,000	\$ 20,000	\$ (5,840)
Net Change in Fund Balance	\$ (47,376)	\$ 39,015	\$ (30,503)	\$ (38,864)	\$ 0	\$ (36,617)	\$ (2,247)
Fund Balance, July 1, 2004	337,787	(39,015)	0	298,772	0	36,617	262,155
Fund Balance, June 30, 2005	\$ 290,411	\$ 0	\$ (30,503)	\$ 259,908	\$ 0	\$ 0	\$ 259,908

Exhibit J-6

Scott County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual and Budget  
 Discretely Presented Scott County School Department  
 School Federal Projects Fund  
 For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,975,997	\$ 2,022,203	\$ 2,167,271	\$ (191,274)
Total Revenues	\$ 1,975,997	\$ 2,022,203	\$ 2,167,271	\$ (191,274)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,025,897	\$ 1,058,401	\$ 1,277,302	\$ 251,405
Special Education Program	474,440	404,402	546,141	71,701
Vocational Education Program	20,500	20,500	20,500	0
<u>Support Services</u>				
Health Services	42,216	41,981	42,213	(3)
Other Student Support	79,529	77,076	84,590	5,061
Regular Instruction Program	251,741	257,002	307,118	55,377
Special Education Program	28,998	140,841	91,587	62,589
Vocational Education Program	826	2,000	2,000	1,174
Total Expenditures	\$ 1,924,147	\$ 2,002,203	\$ 2,371,451	\$ 447,304
Excess (Deficiency) of Revenues Over Expenditures	\$ 51,850	\$ 20,000	\$ (204,180)	\$ 256,030
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (14,160)	\$ (20,000)	\$ (20,000)	\$ 5,840
Total Other Financing Sources (Uses)	\$ (14,160)	\$ (20,000)	\$ (20,000)	\$ 5,840
Net Change in Fund Balance	\$ 37,690	\$ 0	\$ (224,180)	\$ 261,870
Fund Balance, July 1, 2004	224,178	0	224,180	(2)
Fund Balance, June 30, 2005	\$ 261,868	\$ 0	\$ 0	\$ 261,868

Exhibit J-7

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Scott County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 267,647	\$ 311,500	\$ 311,500	\$ (43,853)
Other Local Revenues	5,233	3,690	3,690	1,543
State of Tennessee	16,774	17,000	17,000	(226)
Federal Government	941,069	940,000	940,000	1,069
Total Revenues	<u>\$ 1,230,723</u>	<u>\$ 1,272,190</u>	<u>\$ 1,272,190</u>	<u>\$ (41,467)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,221,326	\$ 1,272,190	\$ 1,312,190	\$ 90,864
Total Expenditures	<u>\$ 1,221,326</u>	<u>\$ 1,272,190</u>	<u>\$ 1,312,190</u>	<u>\$ 90,864</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,397</u>	<u>\$ 0</u>	<u>\$ (40,000)</u>	<u>\$ 49,397</u>
Net Change in Fund Balance	\$ 9,397	\$ 0	\$ (40,000)	\$ 49,397
Fund Balance, July 1, 2004	<u>160,936</u>	<u>0</u>	<u>40,000</u>	<u>120,936</u>
Fund Balance, June 30, 2005	<u>\$ 170,333</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 170,333</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Scott County, Tennessee  
Schedule of Changes in Long-term Notes,  
Other Loans, Capital Leases, and Bonds  
Primary Government  
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Adjustments (1)	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-05
<b>NOTES PAYABLE</b>										
<u>Payable through Highway/Public Works Fund</u>										
Capital Outlay - Equipment	\$ 301,812	3.7	% 5-20-03	5-20-15	\$ 276,661	\$ 0	\$ 0	\$ 25,151	\$ 0	\$ 251,510
Capital Outlay - Equipment	136,500	3.5	5-21-03	5-21-12	121,334	0	0	15,167	0	106,167
Capital Outlay - Equipment	47,025	2.97	10-31-03	10-31-06	47,025	0	0	15,675	0	31,350
Total Payable through Highway/Public Works Fund					\$ 445,020	\$ 0	\$ 0	\$ 55,993	\$ 0	\$ 389,027
<u>Payable through General Debt Service Fund</u>										
Capital Outlay - Public Works (Waterlines)	250,000	3.7	5-20-03	5-20-15	\$ 229,167	\$ 0	\$ 0	\$ 20,833	\$ 0	\$ 208,334
Capital Outlay - Airport Local Share	40,800	3.45	8-28-03	8-28-06	40,800	0	0	13,600	0	27,200
Capital Outlay - Various Projects	230,000	3.05	6-3-04	6-30-07	230,000	0	0	25,667	0	204,333
Capital Outlay - Various Projects	300,000	4.49	5-31-05	5-31-08	0	0	300,000	0	0	300,000
Total Payable through General Debt Service Fund					\$ 499,967	\$ 0	\$ 300,000	\$ 60,100	\$ 0	\$ 739,867
<u>Payable through Rural Debt Service Fund</u>										
Capital Outlay - Transportation Equipment	355,601	3.95	2-6-04	12-30-13	\$ 355,601	\$ 0	\$ 0	\$ 35,560	\$ 0	\$ 320,041
Total Payable through Rural Debt Service Fund					\$ 355,601	\$ 0	\$ 0	\$ 35,560	\$ 0	\$ 320,041
Total Notes Payable					\$ 1,300,588	\$ 0	\$ 300,000	\$ 151,653	\$ 0	\$ 1,448,935
<b>OTHER LOANS PAYABLE</b>										
<u>Public Building Authority Loan Agreement</u>										
<u>Payable through General Debt Service Fund</u>										
Capital Outlay - Building and Equipment	1,000,000	Varies	3-1-1995	5-25-21	\$ 799,900	\$ 0	\$ 0	\$ 31,000	\$ 0	\$ 768,900
<u>Payable through Rural Debt Service Fund</u>										
Capital Outlay - Various Schools Projects	3,000,000	Varies	10-2-03	5-25-23	344,259	0	2,655,741	118,000	0	2,882,000

(Continued)

Exhibit K-1

Scott County, Tennessee  
Schedule of Changes in Long-term Notes,  
 Other Loans, Capital Leases, and Bonds  
Primary Government (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Adjustments (1)	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-05
<b>OTHER LOANS PAYABLE (CONT.)</b>										
<u>Tennessee State School Bond Authority</u>										
<u>Loan Agreement</u>										
<u>Payable through Rural Debt Service Fund</u>										
Qualified Zone Academy Bonds - School Building, Renovation, Repairs and Equipping	\$ 5,126,120	0	%11-18-1999	12-30-04	\$ 4,531,167	\$ 0	\$ 0	\$ 171,253	\$ 4,359,914	\$ 0
Total Other Loans Payable					\$ 5,675,326	\$ 0	\$ 2,655,741	\$ 320,253	\$ 4,359,914	\$ 3,650,900
<b>CAPITAL LEASES PAYABLE</b>										
<u>Payable through Highway/Public Works Fund</u>										
Highway Equipment - Sweeper, Roller and Chipper	67,205	3	5-20-03	5-20-08	\$ 53,764	\$ 0	\$ 0	\$ 13,441	\$ 0	\$ 40,323
Total Payable through Highway/Public Works Fund					\$ 53,764	\$ 0	\$ 0	\$ 13,441	\$ 0	\$ 40,323
<u>Payable through General Debt Service Fund</u>										
Sheriff Vehicle	28,500	3.99	11-17-04	11-16-09	\$ 0	\$ 0	\$ 28,500	\$ 2,611	\$ 0	\$ 25,889
Sheriff Vehicles	91,171	3.47	3-18-05	3-18-10	0	0	91,171	0	0	91,171
Total Payable through General Debt Service Fund					\$ 0	\$ 0	\$ 119,671	\$ 2,611	\$ 0	\$ 117,060
<u>Payable through Rural Debt Service Fund</u>										
Land	125,000	6	10-15-00	10-15-04	\$ 9,527	\$ 0	\$ 0	\$ 9,527	\$ 0	\$ 0
Total Payable through Rural Debt Service Fund					\$ 9,527	\$ 0	\$ 0	\$ 9,527	\$ 0	\$ 0
Total Capital Leases Payable					\$ 63,291	\$ 0	\$ 119,671	\$ 25,579	\$ 0	\$ 157,383

(Continued)

Exhibit K-1

Scott County, Tennessee  
Schedule of Changes in Long-term Notes,  
Other Loans, Capital Leases, and Bonds  
Primary Government (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Adjustments (1)	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-05
<b><u>BONDS PAYABLE</u></b>										
<b><u>Payable through General Fund</u></b>										
General Obligation Bonds	\$ 500,000	5	% 11-1-1979	1-1-17	\$ 0	\$ 260,000	\$ 0	\$ 0	\$ 0	\$ 260,000
Total Payable through General Fund					\$ 0	\$ 260,000	\$ 0	\$ 0	\$ 0	\$ 260,000
<b><u>Payable through Highway/Public Works Fund</u></b>										
Refunding	242,365	1.1 to 1.25	10-21-03	6-1-06	\$ 164,988	\$ 0	\$ 0	\$ 81,130	\$ 0	\$ 83,858
Total Payable through Highway/Public Works Fund					\$ 164,988	\$ 0	\$ 0	\$ 81,130	\$ 0	\$ 83,858
<b><u>Payable through General Debt Service Fund</u></b>										
Refunding	3,093,784	1.1 to 3.55	10-21-03	6-1-15	\$ 2,841,365	0	0	\$ 472,995	\$ 0	\$ 2,368,370
General Obligation Bonds, Series 2004	650,000	4 to 4.7	12-30-04	5-1-35	0	0	650,000	0	0	650,000
Total Payable through General Debt Service Fund					\$ 2,841,365	\$ 0	\$ 650,000	\$ 472,995	\$ 0	\$ 3,018,370
<b><u>Payable through Rural Debt Service Fund</u></b>										
Refunding	6,630,000	3.65 to 4.5	11-1-1998	4-1-14	\$ 5,175,000	\$ 0	\$ 0	\$ 430,000	\$ 0	\$ 4,745,000
Refunding	413,851	1.1 to 3.3	10-21-03	6-1-13	353,647	0	0	60,875	0	292,772
Refunding	4,570,000	3.75 to 4.5	12-30-04	5-1-29	0	0	4,570,000	0	0	4,570,000
Rural School Bonds, Series 2004	805,000	3.75 to 4.5	12-30-04	5-1-29	0	0	805,000	0	0	805,000
Total Payable through Rural Debt Service Fund					\$ 5,528,647	\$ 0	\$ 5,375,000	\$ 490,875	\$ 0	\$ 10,412,772
Total Bonds Payable					\$ 8,535,000	\$ 260,000	\$ 6,025,000	\$ 1,045,000	\$ 0	\$ 13,775,000

(1) The balance of this \$500,000 bond was reassumed by the county in February 2005 as a provision in the hospital lease agreement that was terminated.

Exhibit K-2

Scott County, Tennessee  
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 1,036,000	\$ 632,302	\$ 1,668,302
2007	962,000	516,051	1,478,051
2008	963,000	486,211	1,449,211
2009	874,000	454,656	1,328,656
2010	830,000	423,322	1,253,322
2011	776,000	391,284	1,167,284
2012	787,000	360,130	1,147,130
2013	793,000	327,849	1,120,849
2014	724,000	294,912	1,018,912
2015	275,000	262,879	537,879
2016	232,000	252,266	484,266
2017	243,000	243,166	486,166
2018	230,000	234,366	464,366
2019	240,000	225,429	465,429
2020	255,000	216,104	471,104
2021	265,000	205,854	470,854
2022	280,000	195,204	475,204
2023	295,000	183,629	478,629
2024	525,000	171,435	696,435
2025	545,000	149,123	694,123
2026	570,000	125,848	695,848
2027	595,000	100,148	695,148
2028	620,000	73,323	693,323
2029	655,000	42,398	697,398
2030	30,000	9,738	39,738
2031	30,000	8,313	38,313
2032	35,000	6,888	41,888
2033	35,000	5,225	40,225
2034	35,000	3,563	38,563
2035	40,000	1,900	41,900
Total	\$ 13,775,000	\$ 6,603,516	\$ 20,378,516

Exhibit K-3

Scott County, Tennessee  
Schedule of Notes Receivable - All Funds  
 June 30, 2005

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 7-1-04	Received and/or Matured During Period	Adjustments (1)	Balance 6-30-05
<u>General Fund</u>									
Scott County Hospital Equipment	East Tennessee Health Systems, Inc.	\$ 303,111	11-1-1989	12-30-04	8 %	\$ 142,720	\$ 19,455	\$ 123,265	\$ 0
Total Notes Receivable						\$ 142,720	\$ 19,455	\$ 123,265	\$ 0

(1) In accordance with provisions included in the original note, the county repurchased the equipment from the debtor in order to sell the equipment to another company.

Exhibit K-4

Scott County, Tennessee  
Schedule of Transfers - All Funds and Discretely Presented  
Scott County School Department  
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Ambulance	General	To provide funds for operations	\$ 370,000
Special Purpose	General	To provide funds for operations	8,000
Solid Waste Disposal	Solid Waste/Sanitation	To provide funds for operations	174,023
Community Dev./Industrial Park	Public Utility	To transfer debt proceeds	12,004
General Debt Service	Public Utility	To provide funds for debt retirement	29,055
School Federal Projects (School Dept.)	General Purpose School (School Dept.)	Indirect costs	<u>14,160</u>
Total Transfers			<u>\$ 607,242</u>

Exhibit K-5

Scott County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
For the Year Ended June 30, 2005

Official	Authorization of Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 55,403	\$ 50,000	Western Surety Company
Superintendent of Roads	Section 8-24-102, <u>TCA</u>	52,765	100,000	"
Director of Schools	State Board of Education and County Board of Education	76,949	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	47,969	501,700	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	47,969	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	47,969	50,000	"
Circuit Court Clerk (1):				
Jan Burress (7-1-04 through 12-2-04)	Section 8-24-102, <u>TCA</u>	20,245	50,000	"
Verda Cope Jr. (12-27-04 through 6-30-05)	Section 8-24-102, <u>TCA</u>	24,629	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	47,969	50,000	"
Register	Section 8-24-102, <u>TCA</u>	47,969	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	53,284 (2)	50,000	"
Director of Finance	Board of County Commissioners	40,503	10,000	"
County Employees:				
Trustee			25,000	"
Finance Department			50,000	"
County Clerk			25,000	"
Circuit and General Sessions			25,000	"
Clerk and Master			25,000	"
Register			25,000	"
Sheriff			2,500	"

(1) Sharon Marcum served as interim clerk until Verda Cope was appointed by the County Commission.

(2) Includes law enforcement training supplement of \$519.

Exhibit K-6

Scott County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2005

	Special Revenue Funds							
	General	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,194,681	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(9,727)	0	0	0	0	0	0	0
Trustee's Collections - Prior Year	86,673	0	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	40,720	0	0	0	0	0	0	0
Interest and Penalty	17,611	0	0	0	0	0	0	0
Payments in Lieu of Taxes - T.V.A.	22	0	0	0	0	0	0	0
Payments in Lieu of Taxes - Other	103,439	0	0	0	0	0	0	0
<u>County Local Option Taxes</u>								
Local Option Sales Tax	239,192	0	0	0	0	0	0	0
Hotel/Motel Tax	47,796	0	0	0	0	0	0	0
Litigation Tax - General	24,865	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	49,011	0	0	0	0	0	0	0
Business Tax	125,003	0	0	0	0	0	0	234
<u>Statutory Local Taxes</u>								
Bank Excise Tax	100,485	0	0	0	0	0	0	0
Wholesale Beer Tax	54,322	0	0	0	0	0	0	0
Coal Severance Tax	0	0	0	0	0	0	0	0
Interstate Telecommunications Tax	2,584	0	0	0	0	0	0	0
Total Local Taxes	\$ 2,076,677	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	234
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 372	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	20,090	0	0	0	0	0	0	0
<u>Permits</u>								
Beer Permits	570	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 21,032	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 4,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,345	0	0	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							
	General	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,498	\$ 0	\$ 0	\$ 0
Drug Court Fees	17	0	0	0	0	0	0	0
Jail Fees	123	0	0	0	0	0	0	0
<u>Criminal Court</u>								
District Attorney General Fees	0	0	0	0	0	3,222	0	0
<u>General Sessions Court</u>								
Fines	21,309	0	0	0	0	0	0	0
Officers Costs	17,605	0	0	0	0	0	0	0
Game and Fish Fines	925	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	26,447	0	0	0
Drug Court Fees	3,985	0	0	0	0	0	0	0
Jail Fees	2,676	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	70,800	0	0
Data Entry Fee - General Sessions Court	2,258	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	790	0	0	0	0	0	0	0
<u>Judicial District Drug Program</u>								
Drug Task Force Forfeitures and Seizures	0	0	0	0	3,185	0	0	0
Total Fines, Forfeitures and Penalties	\$ 55,738	\$ 0	\$ 0	\$ 0	\$ 38,130	\$ 74,022	\$ 0	\$ 0
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Convenience Waste Centers Collection Charge	\$ 0	\$ 705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	0	0	41,574	0	0	0	0	0
Past Due Collections - Ambulance	0	0	1,079	0	0	0	0	0
Other General Service Charges	5,740	0	1,660	0	0	0	0	0
Service Charges	0	0	51,302	0	0	0	0	0
<u>Fees</u>								
Airport Fees	166,223	0	0	0	0	0	0	0
Vending Machine Collections	223	0	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	50	0
Probation Fees	0	0	0	22,037	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							
	General	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Sexual Offender Registration Fee	\$ 960	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 173,146	\$ 705	\$ 95,615	\$ 22,037	\$ 0	\$ 0	\$ 50	\$ 0
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 65,941	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	3,025,428	0	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	0	7,666
Sale of Recycled Materials	0	1,489	0	0	0	0	0	0
Miscellaneous Refunds	44,174	10	4,025	428	5	3,898	0	23,374
<u>Nonrecurring Items</u>								
Insurance Recovery	3,302	0	243,316	0	1,900	0	0	2,450
Sale of Equipment	4,248	0	1,555	0	0	0	0	13,700
Contributions & Gifts	9,925	0	0	0	0	0	0	0
<u>Other Local Revenues</u>								
Other Local Revenues	24,918	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 3,177,936	\$ 1,499	\$ 248,896	\$ 428	\$ 1,905	\$ 3,898	\$ 0	\$ 47,190
<u>Fees Received from County Officials</u>								
<u>Fees In Lieu of Salary</u>								
County Clerk	\$ 184,714	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	35,254	0	0	0	0	0	0	0
General Sessions Court Clerk	53,853	0	0	0	0	0	0	0
Clerk and Master	39,658	0	0	0	0	0	0	0
Register	109,124	0	0	0	0	0	0	0
Sheriff	13,685	0	0	0	0	0	0	0
Trustee	228,292	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 664,580	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							
	General	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>								
<u>General Government Grants (Cont.)</u>								
Airport Maintenance Program	\$ 12,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	8,519	0	0	0	0	0	0	0
Solid Waste Grants	0	6,040	0	0	0	0	0	0
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	13,650	0	0	0	0	0	0	0
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	0	0	0	375,568
Litter Program	31,264	0	0	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	2,871	0	0	0	0	0	0	0
Beer Tax	16,778	0	0	0	0	0	0	0
Alcoholic Beverage Tax	33,129	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	280,968	0	0	0	0	0	0	0
Contracted Prisoner Boarding	143,920	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	1,737,870
Petroleum Special Tax	0	0	0	0	0	0	0	16,995
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0
Other State Grants	177,414	125,640	0	0	0	0	0	0
Other State Revenues	343,697	0	0	0	0	0	0	25,751
Total State of Tennessee	\$ 1,090,090	\$ 131,680	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,156,184
<u>Federal Government</u>								
<u>Federal Through State</u>								
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	200	0	0	0	0	0	0	0
Homeland Security Grants	79,357	0	32,521	0	0	0	0	0
Medicaid	0	0	564,332	0	0	0	0	0
Other Federal through State	671,179	0	17,176	0	0	0	0	10,000
<u>Direct Federal Revenue</u>								
Medicare	0	0	981,068	0	0	0	0	0
Other Direct Federal Revenue	172,528	0	0	0	0	0	0	0
Total Federal Government	\$ 923,264	\$ 0	\$ 1,595,097	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,000

(Continued)

Exhibit K-6

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

	Special Revenue Funds							
	General	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	6,542	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 6,542	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 8,189,005	\$ 133,884	\$ 1,939,608	\$ 22,465	\$ 40,035	\$ 77,920	\$ 50	\$ 2,213,608

(Continued)

Exhibit K-6

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

	Debt Service Funds		Capital Projects Funds				Total
	General Debt Service	Rural Debt Service	General Capital Projects	Community Development/Industrial Park	Education Capital Projects	Other Capital Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 494,416	\$ 638,515	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,327,612
Discount on Property Taxes	(4,027)	(4,781)	0	0	0	0	(18,535)
Trustee's Collections - Prior Year	40,348	49,215	0	0	0	0	176,236
Circuit/Clerk & Master Collections - Prior Years	16,542	11,044	0	0	0	0	68,306
Interest and Penalty	8,031	10,209	0	0	0	0	35,851
Payments in Lieu of Taxes - T.V.A.	9	15	0	0	0	0	46
Payments in Lieu of Taxes - Other	0	0	0	0	0	0	103,439
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	100,000	0	0	0	0	339,192
Hotel/Motel Tax	0	0	0	0	0	0	47,796
Litigation Tax - General	0	0	0	0	0	0	24,865
Litigation Tax - Special Purpose	0	0	0	0	0	0	49,011
Business Tax	0	0	0	0	0	0	125,237
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	100,485
Wholesale Beer Tax	0	0	0	0	0	0	54,322
Coal Severance Tax	8,677	0	0	0	0	0	8,677
Interstate Telecommunications Tax	0	0	0	0	0	0	2,584
Total Local Taxes	\$ 563,996	\$ 804,217	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,445,124
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 931	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,303
Cable TV Franchise	0	0	0	0	0	0	20,090
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	570
Total Licenses and Permits	\$ 931	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,963
<u>Fines, Forfeitures and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,705
Officers Costs	0	0	0	0	0	0	1,345

(Continued)

Exhibit K-6

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

	Debt Service Funds		Capital Projects Funds				Total
	General Debt Service	Rural Debt Service	General Capital Projects	Community Development/Industrial Park	Education Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	8,498
Drug Court Fees	0	0	0	0	0	0	17
Jail Fees	0	0	0	0	0	0	123
<u>Criminal Court</u>							
District Attorney General Fees	0	0	0	0	0	0	3,222
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	21,309
Officers Costs	0	0	0	0	0	0	17,605
Game and Fish Fines	0	0	0	0	0	0	925
Drug Control Fines	0	0	0	0	0	0	26,447
Drug Court Fees	0	0	0	0	0	0	3,985
Jail Fees	0	0	0	0	0	0	2,676
District Attorney General Fees	0	0	0	0	0	0	70,800
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	2,258
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	790
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	3,185
Total Fines, Forfeitures and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	167,890
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	705
Patient Charges	0	0	0	0	0	0	41,574
Past Due Collections - Ambulance	0	0	0	0	0	0	1,079
Other General Service Charges	0	0	0	0	0	0	7,400
Service Charges	0	0	0	0	0	0	51,302
<u>Fees</u>							
Airport Fees	0	0	0	0	0	0	166,223
Vending Machine Collections	0	0	0	0	0	0	223
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	50
Probation Fees	0	0	0	0	0	0	22,037

(Continued)

Exhibit K-6

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

	Debt Service Funds		Capital Projects Funds				Total
	General Debt Service	Rural Debt Service	General Capital Projects	Community Development/Industrial Park	Education Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Sexual Offender Registration Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	960
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	291,553
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 14,072	\$ 0	\$ 0	\$ 0	\$ 0	80,013
Lease/Rentals	61,067	0	0	0	0	0	3,086,495
Sale of Materials and Supplies	0	0	0	0	0	0	7,666
Sale of Recycled Materials	0	0	0	0	0	0	1,489
Miscellaneous Refunds	0	0	0	1,448	19,346	0	96,708
<u>Nonrecurring Items</u>							
Insurance Recovery	0	0	0	0	0	0	250,968
Sale of Equipment	0	0	0	0	0	0	19,503
Contributions & Gifts	0	0	0	0	0	450	10,375
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0	0	24,918
Total Other Local Revenues	\$ 61,067	\$ 14,072	\$ 0	\$ 1,448	\$ 19,346	\$ 450	3,578,135
<u>Fees Received from County Officials</u>							
<u>Fees In Lieu of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	184,714
Circuit Court Clerk	0	0	0	0	0	0	35,254
General Sessions Court Clerk	0	0	0	0	0	0	53,853
Clerk and Master	0	0	0	0	0	0	39,658
Register	0	0	0	0	0	0	109,124
Sheriff	0	0	0	0	0	0	13,685
Trustee	0	0	0	0	0	0	228,292
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	664,580
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000

(Continued)

Exhibit K-6

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

	Debt Service Funds		Capital Projects Funds				Total
	General Debt Service	Rural Debt Service	General Capital Projects	Community Development/Industrial Park	Education Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>							
<u>General Government Grants (Cont.)</u>							
Airport Maintenance Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,500
State Reappraisal Grant	0	0	0	0	0	0	8,519
Solid Waste Grants	0	0	0	0	0	0	6,040
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	13,650
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	375,568
Litter Program	0	0	0	0	0	0	31,264
Tennessee Industrial Infrastructure Program	0	0	0	221,561	0	0	221,561
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	2,871
Beer Tax	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	0	0	0	0	0	0	33,129
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	280,968
Contracted Prisoner Boarding	0	0	0	0	0	0	143,920
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,737,870
Petroleum Special Tax	0	0	0	0	0	0	16,995
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	303,054
Other State Revenues	0	0	0	0	0	0	369,448
Total State of Tennessee	\$ 0	\$ 0	\$ 0	221,561	\$ 0	\$ 0	3,599,515
<u>Federal Government</u>							
<u>Federal Through State</u>							
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	22,498	\$ 0	\$ 0	22,498
Community Development	0	0	0	465,840	0	0	466,040
Homeland Security Grants	0	0	0	0	0	0	111,878
Medicaid	0	0	0	0	0	0	564,332
Other Federal through State	0	0	39,891	0	0	0	738,246
<u>Direct Federal Revenue</u>							
Medicare	0	0	0	0	0	0	981,068
Other Direct Federal Revenue	0	0	0	0	0	0	172,528
Total Federal Government	\$ 0	\$ 0	\$ 39,891	488,338	\$ 0	\$ 0	3,056,590

(Continued)

Exhibit K-6

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

	Debt Service Funds		Capital Projects Funds				Total
	General Debt Service	Rural Debt Service	General Capital Projects	Community Development/Industrial Park	Education Capital Projects	Other Capital Projects	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 185,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 185,773
Contracted Services	0	0	0	0	0	0	6,542
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 185,773</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 192,315</u>
 Total	 \$ 625,994	 \$ 1,004,062	 \$ 39,891	 \$ 711,347	 \$ 19,346	 \$ 450	 \$ 15,017,665

Exhibit K-7

Scott County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Scott County School Department  
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,625,566	\$ 0	\$ 0	\$ 1,625,566
Discount on Property Taxes	(13,427)	0	0	(13,427)
Trustee's Collections - Prior Year	114,770	0	0	114,770
Circuit/Clerk & Master Collections - Prior Years	39,571	0	0	39,571
Interest and Penalty	23,470	0	0	23,470
Payments in Lieu of Taxes - T.V.A.	30	0	0	30
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,133,628	0	0	1,133,628
<u>Statutory Local Taxes</u>				
Coal Severance Tax	5,786	0	0	5,786
Interstate Telecommunications Tax	2,357	0	0	2,357
Total Local Taxes	\$ 2,931,751	\$ 0	\$ 0	\$ 2,931,751
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 623	\$ 0	\$ 0	\$ 623
Total Licenses and Permits	\$ 623	\$ 0	\$ 0	\$ 623
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 135,035	\$ 135,035
Lunch Payments - Adults	0	0	40,872	40,872
Income from Breakfast	0	0	27,267	27,267
Special Milk Sales	0	0	4,336	4,336
A la carte Sales	0	0	35,217	35,217
<u>Other Charges for Services</u>				
Other Charges for Services	22,618	0	24,920	47,538
Total Charges for Current Services	\$ 22,618	\$ 0	\$ 267,647	\$ 290,265
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 3,716	\$ 3,716
Miscellaneous Refunds	6,374	0	1,517	7,891
<u>Nonrecurring Items</u>				
Insurance Recovery	438	0	0	438
Sale of Equipment	5,455	0	0	5,455
Sale of Property	8,100	0	0	8,100
Resale of Materials - T&I House	52,000	0	0	52,000
<u>Other Local Revenues</u>				
Other Local Revenues	45,307	0	0	45,307
Total Other Local Revenues	\$ 117,674	\$ 0	\$ 5,233	\$ 122,907
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 10,057,693	\$ 0	\$ 0	\$ 10,057,693
School Food Service	0	0	16,774	16,774
Driver Education	17,815	0	0	17,815
Other State Education Funds	156,713	0	0	156,713

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder Program	\$ 177,007	\$ 0	\$ 0	\$ 177,007
Career Ladder - Extended Contract	54,475	0	0	54,475
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	100,000	0	0	100,000
Other State Grants	243,708	0	0	243,708
Total State of Tennessee	\$ 10,807,411	\$ 0	\$ 16,774	\$ 10,824,185
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 713,766	\$ 713,766
Breakfast	0	0	227,303	227,303
Vocational Education - Basic Grants to States	0	85,052	0	85,052
Title I Grants to Local Education Agencies	0	926,189	0	926,189
Innovative Education Program Strategies	0	124,073	0	124,073
Special Education - Grants to States	48,493	476,515	0	525,008
Special Education Preschool Grants	0	19,306	0	19,306
Eisenhower Professional Development State Grants	0	322,278	0	322,278
Other Federal through State	259,065	22,584	0	281,649
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	77,472	0	0	77,472
Total Federal Government	\$ 385,030	\$ 1,975,997	\$ 941,069	\$ 3,302,096
Total	\$ 14,265,107	\$ 1,975,997	\$ 1,230,723	\$ 17,471,827

Exhibit K-8

Scott County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	88,497	
Social Security		5,487	
State Retirement		685	
Employer Medicare		1,283	
Other Fringe Benefits		250	
Audit Services		4,922	
Contracts with Other Public Agencies		174,481	
Contributions		17,639	
Dues and Memberships		6,840	
Travel		10,805	
Other Supplies and Materials		12,272	
Premiums on Corporate Surety Bonds		4,961	
Refunds		3,237	
Liability Claims		1,000	
Other Charges		18,734	
Maintenance Equipment		72,100	
Motor Vehicles		20,440	
Other Construction		48,995	
Total County Commission			\$ 492,628

County Mayor

County Official/Administrative Officer	\$	55,403	
Secretary(s)		19,400	
Clerical Personnel		18,000	
Temporary Personnel		5,581	
Other Salaries & Wages		24,168	
Social Security		7,535	
State Retirement		1,404	
Employer Medicare		1,762	
Communication		13,427	
Data Processing Services		8,917	
Legal Notices, Recording and Court Costs		3,987	
Postal Charges		31,279	
Printing, Stationery and Forms		2,417	
Travel		5,703	
Office Supplies		7,983	
Other Charges		6,025	
Total County Mayor			212,991

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	43,818	
Social Security		2,717	
State Retirement		526	
Employer Medicare		635	
Communication		523	
Other Supplies and Materials		926	
Total County Attorney			\$ 49,145

Election Commission

County Official/Administrative Officer	\$	38,375	
Deputy(ies)		18,277	
Other Salaries & Wages		196	
Election Commission		15,450	
Election Workers		31,178	
Social Security		4,877	
State Retirement		460	
Employer Medicare		1,141	
Communication		1,912	
Data Processing Services		5,787	
Dues and Memberships		582	
Legal Notices, Recording and Court Costs		3,023	
Maintenance & Repair Services- Office Equipment		253	
Postal Charges		3,777	
Printing, Stationery and Forms		2,196	
Travel		5,610	
Office Supplies		2,954	
Other Supplies and Materials		1,393	
Office Equipment		1,974	
Total Election Commission			139,415

Register of Deeds

County Official/Administrative Officer	\$	47,969
Deputy(ies)		21,327
Part-time Personnel		5,179
Other Salaries & Wages		19,481
Social Security		5,808
State Retirement		1,065
Employer Medicare		1,358
Communication		1,258
Maintenance & Repair Services- Office Equipment		7,494

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Printing, Stationery and Forms	\$	4,561	
Rentals		2,533	
Other Contracted Services		2,000	
Office Supplies		1,016	
Total Register of Deeds			\$ 121,049

Development

Supervisor/Director	\$	27,096	
Pupil Personnel		585	
Clerical Personnel		20,509	
Other Salaries & Wages		24,606	
Social Security		2,934	
State Retirement		560	
Employer Medicare		686	
Communication		2,070	
Evaluation and Testing		610	
Maintenance & Repair Services- Vehicles		1,169	
Rentals		2,594	
Travel		29,952	
Tuition		49,381	
Other Contracted Services		3,520	
Custodial Supplies		247	
Office Supplies		1,104	
Textbooks		660	
Uniforms		4,741	
Other Supplies and Materials		304	
Liability Insurance		361	
Office Equipment		721	
Total Development			174,410

County Buildings

Custodial Personnel	\$	32,757	
Other Salaries & Wages		19,804	
Social Security		3,149	
State Retirement		619	
Employer Medicare		736	
Maintenance & Repair Services- Buildings		38,340	
Maintenance & Repair Services- Equipment		6,737	
Maintenance & Repair Services- Office Equipment		4,210	
Maintenance & Repair Services- Vehicles		4,556	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Pest Control	\$	2,105	
Travel		41	
Other Contracted Services		14,036	
Custodial Supplies		7,021	
Electricity		40,814	
Gasoline		5,269	
Natural Gas		16,262	
Road Signs		1,765	
Water and Sewer		17,397	
Other Supplies and Materials		3,165	
Maintenance Equipment		5,000	
Total County Buildings			\$ 223,783

Finance

Accounting and Budgeting

Supervisor/Director	\$	40,503	
Data Processing Personnel		115,807	
Social Security		8,939	
State Retirement		1,780	
Employer Medicare		2,091	
Communication		9,516	
Data Processing Services		14,464	
Travel		695	
Office Supplies		6,173	
Data Processing Equipment		10,634	
Office Equipment		1,819	
Total Accounting and Budgeting			212,421

Property Assessor's Office

County Official/Administrative Officer	\$	47,969	
Assistant(s)		15,654	
Deputy(ies)		21,899	
Part-time Personnel		2,380	
Other Salaries & Wages		21,166	
Board and Committee Members Fees		3,200	
Social Security		6,757	
State Retirement		1,166	
Employer Medicare		1,580	
Communication		1,951	
Data Processing Services		3,212	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Maintenance & Repair Services- Vehicles	\$	160	
Travel		1,782	
Other Contracted Services		14,710	
Office Supplies		295	
Other Supplies and Materials		1,056	
Total Property Assessor's Office			\$ 144,937

County Trustee's Office

County Official/Administrative Officer	\$	47,969	
Assistant(s)		7,473	
Deputy(ies)		20,177	
Other Salaries & Wages		19,668	
Social Security		5,180	
State Retirement		1,054	
Employer Medicare		1,211	
Communication		1,290	
Contracts with Government Agencies		6,950	
Printing, Stationery and Forms		889	
Travel		957	
Office Supplies		1,185	
Data Processing Equipment		6,703	
Total County Trustee's Office			120,706

County Clerk's Office

County Official/Administrative Officer	\$	47,969	
Assistant(s)		38,674	
Deputy(ies)		21,609	
Data Processing Personnel		173	
Temporary Personnel		4,322	
Other Salaries & Wages		20,909	
Social Security		8,210	
State Retirement		1,552	
Employer Medicare		1,920	
Communication		2,930	
Printing, Stationery and Forms		1,984	
Other Contracted Services		4,388	
Office Supplies		2,570	
Office Equipment		3,562	
Total County Clerk's Office			160,772

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	44,874	
Assistant(s)		32,093	
Deputy(ies)		18,405	
Other Salaries & Wages		21,313	
Jury and Witness Fees		9,386	
Social Security		7,151	
State Retirement		1,154	
Employer Medicare		1,672	
Communication		1,974	
Data Processing Services		7,974	
Printing, Stationery and Forms		4,891	
Office Supplies		2,687	
Other Charges		846	
Total Circuit Court			\$ 154,420

General Sessions Court

Judge(s)	\$	62,763	
Board and Committee Members Fees		13,000	
Social Security		4,697	
State Retirement		753	
Employer Medicare		1,099	
Communication		1,166	
Office Supplies		301	
Total General Sessions Court			83,779

Chancery Court

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		21,827	
Other Salaries & Wages		14,548	
Social Security		5,229	
State Retirement		983	
Employer Medicare		1,223	
Printing, Stationery and Forms		1,534	
Office Supplies		612	
Total Chancery Court			93,925

District Attorney General

Assistant(s)	\$	25,507	
Social Security		1,509	
State Retirement		306	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Medical Insurance	\$	3,356	
Employer Medicare		353	
Other Supplies and Materials		35,676	
Total District Attorney General			\$ 66,707

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	52,765	
Deputy(ies)		525,056	
Salary Supplements		14,742	
Mechanic(s)		19,427	
Other Salaries & Wages		34,146	
Social Security		39,986	
State Retirement		7,242	
Employer Medicare		9,325	
Communication		19,086	
Dues and Memberships		1,490	
Licenses		127	
Maintenance & Repair Services- Office Equipment		352	
Maintenance & Repair Services- Vehicles		29,363	
Printing, Stationery and Forms		1,046	
Tow-in Services		785	
Travel		4,137	
Tuition		4,475	
Other Contracted Services		5,679	
Gasoline		62,357	
Office Supplies		5,131	
Tires and Tubes		7,413	
Uniforms		20,741	
Other Supplies and Materials		14,727	
Liability Insurance		41,467	
Premiums on Corporate Surety Bonds		1,550	
Workers' Compensation Insurance		47,292	
Motor Vehicles		99,231	
Office Equipment		2,495	
Total Sheriff's Department			1,071,633

Special Patrols

Other Salaries & Wages	\$	57,591	
Social Security		3,497	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

State Retirement	\$	678	
Employer Medicare		<u>818</u>	
Total Special Patrols	\$		62,584

Drug Enforcement

Supervisor/Director	\$	29,151	
Social Security		1,807	
State Retirement		350	
Employer Medicare		<u>423</u>	
Total Drug Enforcement			31,731

Jail

Deputy(ies)	\$	319,806	
Cafeteria Personnel		10,484	
Other Salaries & Wages		13,952	
Social Security		21,067	
State Retirement		1,668	
Employer Medicare		4,954	
Contracts with Government Agencies		42,840	
Maintenance & Repair Services- Buildings		228,481	
Medical and Dental Services		75,597	
Pest Control		354	
Travel		6,267	
Remittance of Revenue Collected		9,496	
Other Contracted Services		3,216	
Electricity		20,947	
Food Supplies		65,792	
Natural Gas		7,513	
Office Supplies		750	
Uniforms		2,079	
Water and Sewer		19,124	
Other Supplies and Materials		<u>17,550</u>	
Total Jail			871,937

Juvenile Services

Deputy(ies)	\$	75,864
Youth Service Officer(s)		22,868
Part-time Personnel		75,646
Social Security		10,676
State Retirement		1,181

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Employer Medicare	\$	2,497	
Communication		3,630	
Maintenance & Repair Services- Buildings		2,090	
Travel		783	
Other Contracted Services		2,106	
Electricity		3,764	
Food Supplies		7,280	
Gasoline		713	
Natural Gas		2,834	
Office Supplies		504	
Other Supplies and Materials		6,374	
Workers' Compensation Insurance		8,754	
Motor Vehicles		3,400	
Total Juvenile Services			\$ 230,964

Fire Prevention and Control

Contributions	\$	2,000	
Total Fire Prevention and Control			2,000

Civil Defense

Supervisor/Director	\$	19,600	
Social Security		1,215	
State Retirement		235	
Employer Medicare		284	
Communication		459	
Travel		1,637	
Other Contracted Services		66,775	
Office Supplies		699	
Office Equipment		429	
Total Civil Defense			91,333

Rescue Squad

Contributions	\$	7,000	
Total Rescue Squad			7,000

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	5,538	
Social Security		343	
Employer Medicare		80	
Total County Coroner/Medical Examiner			5,961

(Continued)

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Social Security	\$	1,484	
State Retirement		202	
Employer Medicare		347	
Contributions		42,979	
Total Local Health Center			\$ 45,012

Other Local Health Services

Medical Personnel	\$	122,159	
Social Security		7,424	
State Retirement		488	
Medical Insurance		1,736	
Employer Medicare		1,736	
Travel		9,176	
Other Supplies and Materials		5,833	
Total Other Local Health Services			148,552

General Welfare Assistance

Maintenance & Repair Services- Buildings	\$	13,489	
Total General Welfare Assistance			13,489

Aid to Dependent Children

Contributions	\$	600	
Total Aid to Dependent Children			600

Other Local Welfare Services

Pauper Burials	\$	183	
Total Other Local Welfare Services			183

Waste Pickup

Supervisor/Director	\$	884	
Total Waste Pickup			884

Convenience Centers

Laborers	\$	327	
Total Convenience Centers			327

Social, Cultural and Recreational Services

Senior Citizens Assistance

Deputy(ies)	\$	18,523	
Part-time Personnel		3,626	

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Social Security	\$	1,354	
State Retirement		201	
Employer Medicare		317	
Communication		519	
Contributions		3,872	
Licenses		20	
Maintenance & Repair Services- Vehicles		701	
Travel		14,809	
Office Supplies		231	
Other Supplies and Materials		2,451	
Total Senior Citizens Assistance			\$ 46,624

Libraries

Other Salaries & Wages	\$	21,834	
Social Security		1,326	
Employer Medicare		310	
Communication		3,054	
Postal Charges		209	
Library Books/Media		8,530	
Office Supplies		990	
Periodicals		480	
Utilities		4,177	
Office Equipment		1,196	
Total Libraries			42,106

Other Social, Cultural and Recreational

Part-time Personnel	\$	13,268	
Social Security		797	
State Retirement		72	
Employer Medicare		186	
Other Charges		4,800	
Total Other Social, Cultural and Recreational			19,123

Agriculture & Natural Resources

Agriculture Extension Service

Assistant(s)	\$	6,759	
Supervisor/Director		7,550	
Secretary(s)		5,650	
Social Security		1,527	
State Retirement		2,104	

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Communication	\$	2,278	
Office Equipment		822	
Total Agriculture Extension Service			\$ 26,690

Other Operations

Tourism

Social Security	\$	1,766	
State Retirement		257	
Employer Medicare		413	
Contributions		279,904	
Total Tourism			282,340

Airport

Supervisor/Director	\$	25,523	
Temporary Personnel		12,570	
Part-time Personnel		13,469	
Social Security		3,178	
State Retirement		48	
Employer Medicare		743	
Communication		2,216	
Maintenance & Repair Services- Equipment		3,893	
Maintenance & Repair Services- Vehicles		275	
Travel		1,392	
Other Contracted Services		19,667	
Electricity		9,967	
Gasoline		131,869	
Natural Gas		470	
Water and Sewer		308	
Other Supplies and Materials		18,717	
Liability Insurance		4,838	
Workers' Compensation Insurance		1,826	
Airport Improvement		176,253	
Total Airport			427,222

Veterans' Services

Supervisor/Director	\$	16,787	
Social Security		1,041	
State Retirement		188	
Employer Medicare		243	
Travel		1,516	
Total Veterans' Services			19,775

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 135,557	
Total Contributions to Other Agencies		\$ 135,557

Miscellaneous

Medical Insurance	\$ 44,481	
Unemployment Compensation	25,015	
Liability Insurance	14,473	
Trustee's Commission	44,764	
Workers' Compensation Insurance	13,436	
Other Charges	975	
Total Miscellaneous		143,144

Highways

Highway and Bridge Maintenance

Other Charges	\$ 234	
Total Highway and Bridge Maintenance		234

Litter and Trash Collection

Social Security	\$ 1,046	
Employer Medicare	245	
Other Supplies and Materials	30,906	
Total Litter and Trash Collection		32,197

Instruction

Vocational Education Program

Contributions	\$ 30,000	
Total Vocational Education Program		30,000

Capital Projects

Public Health and Welfare Projects

Health Equipment	\$ 2,100,058	
Total Public Health and Welfare Projects		2,100,058

Total General Fund \$ 8,340,348

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Other Supplies and Materials	\$ 842	
Trustee's Commission	7	

(Continued)

Exhibit K-8

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

<u>Solid Waste/Sanitation Fund (Cont.)</u>			
<u>Public Health and Welfare (Cont.)</u>			
<u>Sanitation Management (Cont.)</u>			
Other Charges	\$ 50		
Total Sanitation Management		\$	899
 <u>Waste Pickup</u>			
Other Contracted Services	\$ 7,251		
Total Waste Pickup			7,251
 <u>Convenience Centers</u>			
Laborers	\$ 31,175		
Social Security	1,764		
State Retirement	374		
Employer Medicare	412		
Communication	395		
Maintenance & Repair Services- Equipment	573		
Other Contracted Services	1,951		
Electricity	1,349		
Natural Gas	617		
Propane Gas	206		
Uniforms	2,057		
Water and Sewer	328		
Other Supplies and Materials	577		
Other Charges	5		
Building Construction	48,535		
Solid Waste Equipment	90,429		
Total Convenience Centers			<u>180,747</u>
 Total Solid Waste/Sanitation Fund		 \$	 188,897
 <u>Ambulance Service Fund</u>			
<u>Public Health and Welfare</u>			
<u>Ambulance/Emergency Medical Services</u>			
Supervisor/Director	\$ 41,916		
Deputy(ies)	142,516		
Data Processing Personnel	40,037		
Medical Personnel	573,497		
Part-time Personnel	5,820		
Social Security	46,996		
State Retirement	5,942		
Life Insurance	914		
Medical Insurance	15,105		

(Continued)

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Unemployment Compensation	\$	3,828	
Employer Medicare		10,991	
Communication		15,466	
Data Processing Services		45	
Dues and Memberships		270	
Janitorial Services		450	
Licenses		952	
Maintenance & Repair Services- Buildings		134	
Maintenance & Repair Services- Vehicles		20,930	
Pest Control		260	
Postal Charges		26	
Printing, Stationery and Forms		587	
Tow-in Services		2,019	
Travel		3,467	
Tuition		12,976	
Disposal Fees		1,674	
Other Contracted Services		24,225	
Custodial Supplies		1,423	
Diesel Fuel		32,781	
Drugs and Medical Supplies		43,716	
Gasoline		256	
Natural Gas		2,825	
Office Supplies		4,688	
Propane Gas		5,348	
Tires and Tubes		1,783	
Uniforms		7,086	
Water and Sewer		470	
Other Supplies and Materials		7,976	
Judgments		2,500	
Refunds		8,394	
Trustee's Commission		1,033	
Vehicle and Equipment Insurance		25,947	
Workers' Compensation Insurance		96,805	
Motor Vehicles		160,604	
Total Ambulance/Emergency Medical Services			\$ 1,374,678
Total Ambulance Service Fund			\$ 1,374,678

(Continued)

Exhibit K-8

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

Special Purpose Fund

Administration of Justice

Other Administration of Justice

Supervisor/Director	\$	18,988	
Social Security		1,172	
State Retirement		228	
Employer Medicare		274	
Communication		747	
Trustee's Commission		215	
Total Other Administration of Justice			\$ 21,624

Total Special Purpose Fund \$ 21,624

Drug Control Fund

Other Operations

Miscellaneous

Deputy(ies)	\$	24,918	
Communication		1,400	
Confidential Drug Enforcement Payments		2,500	
Maintenance & Repair Services- Vehicles		22	
Travel		3,155	
Veterinary Services		387	
Other Contracted Services		12,044	
Animal Food and Supplies		2,027	
Other Supplies and Materials		9,028	
Trustee's Commission		360	
Motor Vehicles		1,000	
Total Miscellaneous			\$ 56,841

Total Drug Control Fund 56,841

District Attorney General Fund

Administration of Justice

District Attorney General

Secretary(s)	\$	12,638	
Social Security		784	
Employer Medicare		183	
Communication		1,642	
Travel		8,157	
Other Contracted Services		51,388	
Other Supplies and Materials		16,175	
Total District Attorney General			\$ 90,967

(Continued)

Exhibit K-8

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

District Attorney General Fund (Cont.)

Other Operations

Miscellaneous

Trustee's Commission	\$ 764	
Total Miscellaneous		\$ 764

Total District Attorney General Fund \$ 91,731

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 50	
Total County Clerk's Office		\$ 50

Total Constitutional Officers - Fees Fund 50

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 52,765	
Clerical Personnel	20,062	
Social Security	4,437	
State Retirement	870	
Employer Medicare	1,038	
Dues and Memberships	2,119	
Postal Charges	26	
Travel	713	
Custodial Supplies	117	
Data Processing Supplies	94	
Office Supplies	1,299	
Premiums on Corporate Surety Bonds	350	
Total Administration		\$ 83,890

Highway and Bridge Maintenance

Supervisor/Director	\$ 86,007
Equipment Operators	74,451
Truck Drivers	104,328
Laborers	131,360
Overtime Pay	14,082
Social Security	25,020
State Retirement	4,536
Unemployment Compensation	4,596
Employer Medicare	5,852

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Rentals	\$	3,500	
Other Contracted Services		47,678	
Asphalt - Cold Mix		272,746	
Asphalt - Hot Mix		249,031	
Concrete		1,037	
Crushed Stone		205,424	
Other Road Supplies		24,533	
Pipe - Metal		15,605	
Road Signs		13,198	
Wood Products		240	
Total Highway and Bridge Maintenance			\$ 1,283,224

Operation and Maintenance of Equipment

Foremen	\$	26,265	
Mechanic(s)		24,354	
Social Security		3,138	
State Retirement		615	
Unemployment Compensation		400	
Employer Medicare		734	
Maintenance & Repair Services- Equipment		10,375	
Tow-in Services		450	
Other Contracted Services		9,892	
Diesel Fuel		53,484	
Equipment and Machinery Parts		35,674	
Garage Supplies		12,456	
Gasoline		18,344	
Lubricants		6,783	
Propane Gas		2,402	
Small Tools		165	
Tires and Tubes		10,350	
Other Supplies and Materials		6,523	
Total Operation and Maintenance of Equipment			222,404

Other Charges

Communication	\$	3,603	
Electricity		5,579	
Natural Gas		4,006	
Water and Sewer		1,118	
Trustee's Commission		17,735	
Vehicle and Equipment Insurance		57,656	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Other Charges	\$ 5,400	
Total Other Charges		\$ 95,097

Employee Benefits

Employee and Dependent Insurance	\$ 100,265	
Life Insurance	648	
Workers' Compensation Insurance	62,022	
Total Employee Benefits		162,935

Capital Outlay

Engineering Services	\$ 32,133	
Bridge Construction	58,400	
Motor Vehicles	49,837	
State Aid Projects	407,698	
Surplus Equipment	723	
Total Capital Outlay		548,791

Principal

Highways and Streets

Principal on Bonds	\$ 81,130	
Principal on Notes	55,993	
Principal on Capitalized Leases	13,441	
Total Highways and Streets		150,564

Interest

Highways and Streets

Interest on Bonds	\$ 1,002	
Interest on Notes	16,732	
Interest on Capitalized Leases	1,635	
Total Highways and Streets		19,369

Total Highway/Public Works Fund \$ 2,566,274

General Debt Service Fund

Principal

General Government

Principal on Bonds	\$ 472,995	
Principal on Notes	60,100	
Principal on Capitalized Leases	2,611	
Principal on Other Loans Payable	31,000	
Total General Government		\$ 566,706

(Continued)

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

General Debt Service Fund (Cont.)

Interest

General Government

Interest on Bonds	\$	68,790	
Interest on Notes		25,140	
Interest on Capitalized Leases		561	
Interest on Other Loans Payable		18,600	
Total General Government			\$ 113,091

Other Debt Service

General Government

Trustee's Commission	\$	11,287	
Other Debt Service		2,905	
Total General Government			14,192

Total General Debt Service Fund \$ 693,989

Rural Debt Service Fund

Principal

Education

Principal on Bonds	\$	490,875	
Principal on Notes		35,560	
Principal on Capitalized Leases		9,527	
Principal on Other Loans Payable		289,253	
Total Education			\$ 825,215

Interest

Education

Interest on Bonds	\$	222,667	
Interest on Notes		13,346	
Interest on Capitalized Leases		68	
Interest on Other Loans Payable		41,843	
Total Education			277,924

Other Debt Service

Education

Trustee's Commission	\$	14,966	
Underwriter's Discount		34,733	
Other Debt Issuance Charges		109,025	
Other Debt Service		4,378	
Total Education			163,102

Total Rural Debt Service Fund 1,266,241

(Continued)

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

General Capital Projects Fund

Other Operations

Other Economic and Community Development

Architects	\$	50,604	
Other Contracted Services		<u>376,877</u>	
Total Other Economic and Community Development	\$		427,481

Other Debt Service

General Government

Underwriter's Discount	\$	4,714	
Other Debt Issuance Charges		<u>15,242</u>	
Total General Government			19,956

Capital Projects

General Administration Projects

Architects	\$	40,182	
Total General Administration Projects			<u>40,182</u>

Total General Capital Projects Fund \$ 487,619

Community Development/Industrial Park Fund

Other Operations

Miscellaneous

Other Contracted Services	\$	430	
Total Miscellaneous	\$		430

Other Debt Service

General Government

Underwriter's Discount	\$	2,012	
Other Debt Issuance Charges		<u>6,508</u>	
Total General Government			8,520

Capital Projects

Other General Government Projects

Other Contracted Services	\$	872,232	
Total Other General Government Projects			<u>872,232</u>

Total Community Development/Industrial Park Fund 881,182

Education Capital Projects Fund

Other Debt Service

Education

Underwriter's Discount	\$	6,129	
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(Continued)

Exhibit K-8

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

Education Capital Projects Fund (Cont.)

Other Debt Service (Cont.)

Education (Cont.)

Other Debt Issuance Charges	\$ 19,241	
Total Education		\$ 25,370

Capital Projects - Donated

Capital Projects Donated to School Department

Architects	\$ 22,670	
Other Contracted Services	3,831,418	
Other Supplies and Materials	4,032	
Total Capital Projects Donated to School Department		<u>3,858,120</u>

Total Education Capital Projects Fund \$ 3,883,490

Total Governmental Funds - Primary Government \$ 19,852,964

Scott County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Scott County School Department  
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,326,616	
Career Ladder Program	117,941	
Career Ladder Extended Contracts	53,000	
Educational Assistants	275,341	
Certified Substitute Teachers	136,836	
Social Security	363,336	
State Retirement	309,223	
Medical Insurance	564,542	
Unemployment Compensation	5,490	
Employer Medicare	82,435	
Instructional Supplies and Materials	281,490	
Textbooks	128,636	
Other Charges	13,439	
Regular Instruction Equipment	167,476	
Total Regular Instruction Program		\$ 7,825,801

Alternative Instruction Program

Teachers	\$ 39,799	
Educational Assistants	11,522	
Social Security	3,182	
State Retirement	2,327	
Unemployment Compensation	56	
Employer Medicare	744	
Total Alternative Instruction Program		57,630

Special Education Program

Teachers	\$ 729,973	
Career Ladder Program	16,918	
Homebound Teachers	81,622	
Educational Assistants	35,575	
Certified Substitute Teachers	7,000	
Social Security	52,152	
State Retirement	45,994	
Medical Insurance	77,903	
Unemployment Compensation	712	
Employer Medicare	12,197	
Other Contracted Services	240	
Instructional Supplies and Materials	11,979	
Other Charges	1,602	
Total Special Education Program		1,073,867

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	402,645	
Career Ladder Program		2,125	
Educational Assistants		25,437	
Other Salaries & Wages		1,081	
Certified Substitute Teachers		3,000	
Social Security		25,988	
State Retirement		22,034	
Medical Insurance		35,282	
Unemployment Compensation		442	
Employer Medicare		6,078	
Instructional Supplies and Materials		5,970	
T&I Construction Materials		319	
Other Charges		2,412	
Total Vocational Education Program			\$ 532,813

Other

Other Contracted Services	\$	2,540	
Debt Service Contribution to Primary Government		185,773	
Total Other			188,313

Support Services

Attendance

Supervisor/Director	\$	50,250	
Social Security		2,909	
State Retirement		2,764	
Medical Insurance		6,648	
Unemployment Compensation		15	
Employer Medicare		680	
Travel		1,083	
Other Supplies and Materials		291	
Total Attendance			64,640

Health Services

Medical Personnel	\$	41,541	
Other Salaries & Wages		17,040	
Social Security		3,301	
State Retirement		2,489	
Medical Insurance		5,987	
Unemployment Compensation		56	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Employer Medicare	\$	772	
Travel		4,718	
Other Supplies and Materials		3,869	
Other Charges		319	
Total Health Services			\$ 80,092

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		187,632	
Secretary(s)		13,449	
Social Security		12,539	
State Retirement		10,591	
Medical Insurance		24,608	
Unemployment Compensation		155	
Employer Medicare		2,933	
Contracts with Government Agencies		4,150	
Evaluation and Testing		3,239	
Travel		854	
Other Supplies and Materials		427	
Total Other Student Support			262,577

Regular Instruction Program

Supervisor/Director	\$	57,560	
Career Ladder Program		8,000	
Librarians		239,657	
Secretary(s)		8,338	
Social Security		18,387	
State Retirement		15,032	
Medical Insurance		31,489	
Unemployment Compensation		226	
Employer Medicare		4,300	
Travel		13,093	
Library Books/Media		12,826	
Total Regular Instruction Program			408,908

Special Education Program

Supervisor/Director	\$	51,315
Career Ladder Program		2,000
Psychological Personnel		55,894

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Secretary(s)	\$	22,435	
Social Security		7,876	
State Retirement		6,276	
Medical Insurance		9,268	
Unemployment Compensation		84	
Employer Medicare		1,842	
Travel		18,358	
Total Special Education Program			\$ 175,348

Board of Education

Other Salaries & Wages	\$	22,850	
Board and Committee Members Fees		31,700	
Social Security		3,382	
State Retirement		382	
Unemployment Compensation		119	
Employer Medicare		791	
Audit Services		5,850	
Dues and Memberships		11,177	
Travel		14,775	
Other Contracted Services		4,201	
Liability Insurance		24,202	
Premiums on Corporate Surety Bonds		535	
Trustee's Commission		83,847	
Workers' Compensation Insurance		118,113	
Other Charges		2,709	
Total Board of Education			324,633

Director of Schools

County Official/Administrative Officer	\$	76,949	
Assistant(s)		57,607	
Career Ladder Program		1,000	
Secretary(s)		22,435	
Social Security		9,757	
State Retirement		7,670	
Unemployment Compensation		84	
Employer Medicare		2,282	
Other Fringe Benefits		356	
Communication		8,738	
Legal Services		80	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Postal Charges	\$	1,410	
Travel		3,677	
Other Contracted Services		758	
Office Supplies		3,356	
Total Director of Schools			\$ 196,159

Office of the Principal

Principals	\$	371,518	
Career Ladder Program		13,000	
Assistant Principals		52,366	
Secretary(s)		87,061	
Social Security		32,111	
State Retirement		25,051	
Medical Insurance		21,208	
Unemployment Compensation		307	
Employer Medicare		7,510	
Communication		25,288	
Travel		1,221	
Total Office of the Principal			636,641

Operation of Plant

Supervisor/Director	\$	22,519	
Custodial Personnel		227,405	
Social Security		15,473	
State Retirement		2,982	
Medical Insurance		4,048	
Unemployment Compensation		518	
Employer Medicare		3,619	
Coal		3,151	
Electricity		364,128	
Natural Gas		83,704	
Water and Sewer		66,692	
Other Supplies and Materials		78,709	
Boiler Insurance		4,249	
Building and Contents Insurance		79,892	
Other Charges		523	
Total Operation of Plant			957,612

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Maintenance Personnel	\$	64,695	
Other Salaries & Wages		1,550	
Social Security		4,107	
State Retirement		795	
Medical Insurance		964	
Unemployment Compensation		84	
Employer Medicare		961	
Other Supplies and Materials		55,954	
Total Maintenance of Plant			\$ 129,110

Transportation

Supervisor/Director	\$	23,331	
Mechanic(s)		39,725	
Bus Drivers		461,065	
Social Security		32,487	
State Retirement		4,922	
Unemployment Compensation		1,256	
Employer Medicare		7,598	
Contracts with Parents		735	
Contracts with Vehicle Owners		5,819	
Gasoline		94,500	
Tires and Tubes		12,138	
Vehicle Parts		48,090	
Vehicle and Equipment Insurance		19,768	
Other Charges		23,479	
Transportation Equipment		6,881	
Total Transportation			781,794

Central and Other

Supervisor/Director	\$	51,126	
Other Salaries & Wages		66,608	
Social Security		5,481	
State Retirement		2,489	
Medical Insurance		1,755	
Unemployment Compensation		84	
Employer Medicare		1,282	
Total Central and Other			128,825

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	33,152	
Teachers		220	
Other Salaries & Wages		273,235	
Social Security		19,382	
State Retirement		15,042	
Medical Insurance		6,627	
Unemployment Compensation		466	
Employer Medicare		5,810	
Travel		827	
Other Supplies and Materials		26,808	
Other Charges		8,346	
Other Equipment		4,082	
Total Community Services			\$ 393,997

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	107,883	
Total Regular Capital Outlay			<u>107,883</u>

Total General Purpose School Fund \$ 14,326,643

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	656,504	
Educational Assistants		43,959	
Certified Substitute Teachers		16,050	
Social Security		43,193	
State Retirement		36,635	
Medical Insurance		87,325	
Unemployment Compensation		710	
Employer Medicare		10,102	
Instructional Supplies and Materials		61,231	
Other Supplies and Materials		48,204	
Other Charges		2,255	
Regular Instruction Equipment		19,729	
Total Regular Instruction Program			\$ 1,025,897

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	66,814	
Educational Assistants		185,395	
Social Security		15,637	
State Retirement		5,645	
Medical Insurance		9,190	
Unemployment Compensation		562	
Employer Medicare		3,657	
Other Contracted Services		130,808	
Instructional Supplies and Materials		56,732	
Total Special Education Program			\$ 474,440

Vocational Education Program

Other Charges	\$	500	
Vocational Instruction Equipment		20,000	
Total Vocational Education Program			20,500

Support Services

Health Services

Medical Personnel	\$	31,038	
Social Security		1,924	
State Retirement		1,707	
Medical Insurance		7,043	
Unemployment Compensation		54	
Employer Medicare		450	
Total Health Services			42,216

Other Student Support

Travel	\$	2,151	
Other Supplies and Materials		55,270	
In Service/Staff Development		6,304	
Other Charges		15,804	
Total Other Student Support			79,529

Regular Instruction Program

Supervisor/Director	\$	55,770	
Secretary(s)		11,918	
Other Salaries & Wages		41,421	
Social Security		6,541	
State Retirement		5,489	

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	12,110	
Unemployment Compensation		67	
Employer Medicare		1,530	
Travel		3,464	
Library Books/Media		14,405	
Other Supplies and Materials		5,627	
In Service/Staff Development		82,064	
Other Charges		6,819	
Other Equipment		4,516	
Total Regular Instruction Program			\$ 251,741

Special Education Program

Medical Insurance	\$	245	
Other Supplies and Materials		13,801	
In Service/Staff Development		14,952	
Total Special Education Program			28,998

Vocational Education Program

Travel	\$	826	
Total Vocational Education Program			826

Total School Federal Projects Fund \$ 1,924,147

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	51,359	
Cafeteria Personnel		462,325	
Other Salaries & Wages		37,155	
In-Service Training		1,715	
Social Security		34,152	
State Retirement		7,915	
Medical Insurance		11,589	
Unemployment Compensation		1,233	
Employer Medicare		7,987	
Travel		2,558	
Food Preparation Supplies		34,143	
Food Supplies		499,763	
Other Supplies and Materials		59,104	

(Continued)

Exhibit K-9

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Food Service Equipment	\$ 10,328	
Total Food Service		\$ 1,221,326
Total Central Cafeteria Fund		\$ 1,221,326
Total Governmental Funds - Scott County School Department		\$ 17,472,116

Exhibit K-10

Scott County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund	Special School District Fund	City School ADA - Oneida Fund	Total (Memorandum Only)
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 366,538	\$ 800,643	\$ 1,167,181
Discounts on Property Taxes	0	(3,847)	(6,365)	(10,212)
Trustee's Collections - Prior Years	0	23,472	63,305	86,777
Circuit / Clerk and Master Collections - Prior Years	0	25,028	16,994	42,022
Interest and Penalty	0	3,970	11,610	15,580
Payment in lieu of Taxes - T.V.A.	0	0	15	15
Payment in lieu of Taxes - Local Utilities	0	0	0	0
Local Option Sales Tax	1,356,626	0	514,530	1,871,156
Coal Severance Tax	0	0	1,103	1,103
Interstate Telecommunications Tax	0	0	1,068	1,068
Marriage Licenses	0	0	310	310
Other Local Revenues	0	0	31	31
<b>Total Cash Receipts</b>	<b>\$ 1,356,626</b>	<b>\$ 415,161</b>	<b>\$ 1,403,244</b>	<b>\$ 3,175,031</b>
<u>Cash Disbursements</u>				
Remittance of Revenue Collected	\$ 1,343,060	\$ 395,087	\$ 1,420,936	\$ 3,159,083
Trustee's Commission	13,566	8,050	22,124	43,740
<b>Total Cash Disbursements</b>	<b>\$ 1,356,626</b>	<b>\$ 403,137</b>	<b>\$ 1,443,060</b>	<b>\$ 3,202,823</b>
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ 12,024	\$ (39,816)	\$ (27,792)
Cash Balance, July 1, 2004	0	4,023	107,307	111,330
<b>Cash Balance, June 30, 2005</b>	<b>\$ 0</b>	<b>\$ 16,047</b>	<b>\$ 67,491</b>	<b>\$ 83,538</b>

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## STATISTICAL SECTION

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Table 1

Scott County, Tennessee  
Uncollected Taxes Filed in Chancery Court  
June 30, 2005

Year	Amount
1994	\$ 23,472
1995	36,702
1996	45,733
1997	12,026
1998	35,908
1999	27,393
2000	45,165
2001	64,636
2002	83,381
2003	119,213
Total	\$ 493,629

Table 2

Scott County, Tennessee  
Tax Rates and Assessments  
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.87	\$ 0.79	\$ 0.79	\$ 0.96	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.57	\$ 0.58	\$ 0.58
Solid Waste/Sanitation	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Purpose School	1.94	1.62	1.62	1.62	1.62	1.62	1.62	1.15	1.15	1.18
General Debt Service	0.18	0.28	0.28	0.39	0.30	0.30	0.34	0.24	0.27	0.24
Rural Debt Service	0.60	0.60	0.60	0.60	0.69	0.69	0.65	0.44	0.40	0.40
<b>Total Tax Rate</b>	<b>\$ 3.68</b>	<b>\$ 3.29</b>	<b>\$ 3.29</b>	<b>\$ 3.57</b>	<b>\$ 3.40</b>	<b>\$ 3.40</b>	<b>\$ 3.40</b>	<b>\$ 2.40</b>	<b>\$ 2.40</b>	<b>\$ 2.40</b>
<u>Assessed Valuations</u>										
Real and Personal	\$ 90,991,319	\$ 105,983,116	\$ 107,146,109	\$ 113,980,359	\$ 120,503,019	\$ 128,186,416	\$ 134,371,732	\$ 194,632,452	\$ 194,400,229	\$ 195,811,015
Public Utilities	24,520,877	25,883,382	25,883,382	24,180,101	25,964,460	26,879,580	26,277,300	29,126,173	29,933,303	29,923,899
<b>Total Assessed Valuation</b>	<b>\$ 115,512,196</b>	<b>\$ 131,866,498</b>	<b>\$ 133,029,491</b>	<b>\$ 138,160,460</b>	<b>\$ 146,467,479</b>	<b>\$ 155,065,996</b>	<b>\$ 160,649,032</b>	<b>\$ 223,758,625</b>	<b>\$ 224,333,532</b>	<b>\$ 225,734,914</b>

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**SINGLE AUDIT SECTION**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841

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

December 9, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scott County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Scott County's basic financial statements and have issued our report thereon dated December 9, 2005. Our report on the discretely presented component units was qualified due to not including the financial statements of the Scott County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report on the governmental activities was qualified because the financial statements did not include all capital assets, and the related depreciation amounts, for hospital and nursing home assets owned by the county and rented to tenants through operating leases. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Scott County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the

internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Scott County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.02, and 05.03.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05.01 and 05.02 to be material weaknesses.

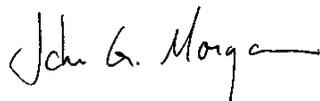
#### Compliance and Other Matters

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

We have also noted certain matters that we reported to the management of Scott County in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/sb



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 9, 2005

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Scott County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Scott County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Scott County's management. Our responsibility is to express an opinion on Scott County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a

test basis, evidence about Scott County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Scott County's compliance with those requirements.

In our opinion, Scott County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

### Internal Control Over Compliance

The management of Scott County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Scott County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scott County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 9, 2005. Our report on the discretely presented component units financial statements was qualified due to not including the financial information of the Scott County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report on the governmental activities was qualified because the financial statements did not include all capital assets, and the related depreciation amounts, for hospital and nursing home assets owned by the county and rented to tenants through operating leases. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/sb

Scott County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2005

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	\$ 227,303
National School Lunch Program	10.555	(2)	713,766
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	(2)	96,437
Total U.S. Department of Agriculture			<u>\$ 1,037,506</u>
U.S. Department of Commerce:			
Passed-through Tennessee Valley Authority:			
Economic Adjustment Program	11.307	(2)	\$ 227,162
Total U.S. Department of Commerce			<u>\$ 227,162</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant	14.228	GG-03-10321-00	\$ 466,040
Passed-through State Housing Development Agency:			
Home Investments Partnership Program	14.239	HM-04-45	19,416
Total U.S. Department of Housing and Urban Development			<u>\$ 485,456</u>
U.S. Department of Justice:			
Direct Programs:			
Bulletproof Vests Partnership Program	16.607	N/A	\$ 2,417
Project Safe Neighborhoods	16.609	N/A	6,558 (3)
Public Safety and Community Policing Grants	16.710	N/A	87,019
Passed-through City of Knoxville:			
Project Safe Neighborhoods	16.609	(2)	25,476 (3)
Total U.S. Department of Justice			<u>\$ 121,470</u>
U.S. Department of Labor:			
Passed-through East Tennessee Human Resource Agency:			
WIA Cluster:			
WIA- Adult Program	17.258	(2)	\$ 85,587
WIA- Youth Activities	17.259	(2)	70,624
WIA- Dislocated Workers	17.260	(2)	43,511
Total U.S. Department of Labor			<u>\$ 199,722</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-03-014197-07	\$ 172,153
Highway Planning and Construction	20.205	(2)	39,891
State and Community Highway Safety	20.600	Z-05-024221-00	10,000
Passed-through State Department of Environment and Conservation:			
Recreational Trails Program	20.219	Z-02-007419-00	57,680
Total U.S. Department of Transportation			<u>\$ 279,724</u>

(Continued)

Scott County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Area Development	23.002	00005175	\$ 22,498
Total Appalachian Regional Commission			\$ 22,498
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 884,913
Special Education Cluster:			
Special Education Grants to States	84.027	N/A	574,841
Special Education - Preschool Grants	84.173	N/A	19,306
Vocational Education - Basic Grants to States	84.048	N/A	85,052
Safe and Drug Free Schools and Communities	84.186	(2)	38,327
Evenstart - State Education Agencies	84.213	(2)	130,000
Innovative Education Program Strategies	84.298	N/A	14,405
Educational Technology State Grants Program	84.318	(2)	22,584
Reading Excellence Program	84.338	N/A	129,065
Rural Education Achievement Program	84.358	N/A	91,894
Improving Teacher Quality State Grants	84.367	N/A	259,728
Total U.S. Department of Education			\$ 2,250,115
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Program for the Aging - Title III, Part B - Grant for Supportive Services and Senior Centers	93.044	(2)	\$ 20,757
Total U.S. Department of Health and Human Services			\$ 20,757
U.S. Department of Homeland Security:			
Direct Program:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 15,757
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	(4)	99,296
Emergency Management Performance Grants	97.042	(5)	12,582
Total U.S. Department of Homeland Security			\$ 127,635
Total Expenditures of Federal Awards			\$ 4,772,045

(Continued)

Scott County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<u>State Grants</u>			
Airport Maintenance - State Department of Transportation	N/A	(2)	\$ 12,500
Airport Safety Improvement- State Department of Transportation	N/A	(2)	5,400
Litter Program - State Department of Transportation	N/A	(2)	31,264
State Reappraisal - Comptroller of the Treasury	N/A	(2)	8,519
Health Department Programs - State Department of Health	N/A	(2)	146,177
Juvenile Service Program- State Commission on Children and Youth	N/A	(2)	9,000
Family Resource Center Grant - State Department of Education	N/A	(2)	33,300
Safe Schools Act Grant - State Department of Education	N/A	(2)	15,408
Early Childhood Education Grant - State Department of Education	N/A	(2)	195,000
Boat Ramp Construction Grant- State Wildlife Resources Agency	N/A	(2)	15,000
Waste Tire Option Grant- State Department of Environment and Conservation	N/A	(2)	6,613
Tennessee Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	221,561
Emergency Dispatcher Grant - State Department of Environment and Conservation	N/A	(2)	20,645
Waste Reduction Grant - State Department of Environment and Conservation	N/A	(2)	125,068
Library Services and Technology Grant- State Library and Archives	N/A	(2)	<u>600</u>
Total State Grants			<u>\$ 846,055</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total Projects Safe Neighborhoods (CFDA No. 16.609) passed-through the U.S. Department of Justice was \$32,034.
- (4) Z-04-020142-00: \$28,381; Z-03-017797-00: \$24,375; Z-04-022490-00: \$46,540.
- (5) Z-04-020301-00: \$3,180; Z-05-025378-00: \$9,402.

Scott County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Scott County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

**OFFICE OF DIRECTOR OF FINANCE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01(C,D,E)	170	Several funds had accounting deficiencies
04.02 (A)	171	Serious deficiencies were noted in preparing and monitoring the General Fund and Drug Control Fund budgets

**OTHER FINDING AND RECOMMENDATION**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.05	173	Duties were not segregated adequately in the Offices of Trustee, County Clerk, Clerk and Master, and Register

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**SCOTT COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2005**

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

1. A qualified opinion was issued on the financial statements of the governmental activities and the aggregate discretely presented component units of Scott County. An unqualified opinion was issued on the business-type activities, each major fund, and the aggregate remaining fund information of Scott County.
2. The audit of the financial statements disclosed reportable conditions in internal control. Two of these conditions were also considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Scott County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), Community Development Block Grant (CFDA No. 14.228), Title I Grants to Local Education Agencies (CFDA No. 84.010), and the Special Education Cluster: the Special Education Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Scott County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### OFFICE OF DIRECTOR OF FINANCE

#### FINDING 05.01      **SEVERAL FUNDS HAD ACCOUNTING DEFICIENCIES** (Internal Control – Material Weakness Under Government Auditing Standards)

Our audit revealed the following accounting deficiencies:

- A. The Education Capital Projects Fund had an unreserved fund deficit of \$710,051 at June 30, 2005. This fund deficit resulted from the unperformed portions of construction projects of \$261,368 being reserved as encumbrances and \$588,062 being reflected as current liabilities. Management has indicated that additional funding for these obligations and commitments is expected to be received from local revenue and future debt issuance. However, as of the date of this report, the county had issued additional debt of \$666,459 for this project, and this fund had not received any local revenue.
- B. The Public Utility Fund (enterprise fund) had an unrestricted net assets deficit of \$116,280 on June 30, 2005.
- C. The Solid Waste Disposal Fund (enterprise fund) had a deficit in total net assets of \$368,725 and an unrestricted net assets deficit of \$433,507 on June 30, 2005. This deficit resulted primarily from the recognition of a liability of \$412,384 for closure/postclosure care costs.
- D. The Drug Control Fund had a fund deficit of \$15,208 on June 30, 2005. Actual revenues of the Drug Control Fund were less than the budgeted estimates by nearly \$30,000 for the year ended June 30, 2005. Appropriations approved by the County Commission were based on the estimated revenues. Although expenditures were held within these appropriations, expenditures exceeded the actual amount of revenue which resulted in the fund deficit.

### RECOMMENDATION

County officials should liquidate the above-noted deficits and take steps to ensure that the deficits do not recur. Expenditures should be closely monitored when revenue estimates are below projections. Revenue estimates should be made on a more realistic basis to provide county officials with accurate information to base funding decisions.

**FINDING 05.02 ESTIMATES OF BEGINNING FUND BALANCES VARIED MATERIALLY FROM ACTUAL FUND BALANCES**  
 (Internal Control – Material Weakness Under Government Auditing Standards)

The actual fund balances at July 1, 2004, varied materially from the estimated fund balances presented to the County Commission during the budgetary process in the following funds:

<u>Fund</u>	Actual Fund Balance (Budgetary Basis)	Estimated Fund Balance	Variance
General	\$ (74,146)	\$ 167,677	\$ (241,823)
Ambulance Service	634,720	486,639	148,081
Central Cafeteria	160,936	40,000	120,936

**RECOMMENDATION**

The estimate of beginning fund balances should be made on a more realistic basis to provide county officials with accurate information to base funding decisions.

**OTHER FINDING**

**FINDING 05.03 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, COUNTY CLERK, CLERK AND MASTER, AND REGISTER**  
 (Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of Trustee, County Clerk, Clerk and Master, and Register. Officials and employees responsible for maintaining the accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader’s attention in this report.

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

There were no findings and questioned costs for federal awards.

**SCOTT COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2005**

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