



ANNUAL FINANCIAL REPORT SCOTT COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2008



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ANNUAL FINANCIAL REPORT
SCOTT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008

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Audit Highlights

Annual Financial Report
Scott County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Scott County as of and for the year ended June 30, 2008.

Results

Our report on the governmental activities is qualified because amounts reflected for capital assets net of accumulated depreciation and depreciation expenses do not include all hospital and nursing home assets owned by the county and rented to tenants. Our report on the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in eight 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

- ◆ The General, Ambulance Service, Education Capital Projects, and General Purpose School funds required material audit adjustments for proper financial statement presentation.
 - ◆ Deficiencies were noted in the purchase order system.
 - ◆ Two enterprise funds had deficits in unrestricted net assets, and three capital projects funds had deficits in unreserved fund balances at June 30, 2008.
 - ◆ Interfund receivables and payables were not liquidated on a current basis.
 - ◆ The practice of appropriating and expending funds from the General Fund for school purposes is of questionable legality.
 - ◆ Funds placed in escrow to finance school energy management improvements were not invested in accordance with state statute.
 - ◆ Hospital and nursing home assets owned by the county were not capitalized in accordance with generally accepted accounting principles.
-

OTHER FINDING

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

INTRODUCTORY SECTION

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Scott County Officials
June 30, 2008

Officials

Rick Keeton, County Mayor
Donald Sexton, Superintendent of Roads
Sharon Wilson, Director of Schools
Jimmy Byrd, Trustee
Steve Thompson, Assessor of Property
Patricia Phillips, County Clerk
Donnie Phillips, Circuit and General Sessions Courts Clerk
Jane Lloyd, Clerk and Master
Porter Rector, Jr., Register
Anthony Lay, Sheriff
Keith Jeffers, Director of Finance

Board of County Commissioners

Rick Keeton, County Mayor, Chairman
Leonard Bertram
Ronnie Blevins
Willie Boyatt
Odeva Byrd
Rothel Cross
Gerry Garrett
Joel Newport

Ernest Phillips
Alan Reed
Dennis Sexton
Mike Slaven
Paul Strunk
James Watson
Clyde Zachary

Financial Management Committee

Mike Slaven, Chairman
Vivian Smith
Ernest Phillips
Donald Sexton, Superintendent of Roads

Keith Jeffers, Director of Finance
Rick Keeton, County Mayor
Dennis Sexton
Sharon Wilson, Director of Schools

Board of Education

Jake Sharp, Chairman
Esther Abbott
Jim Sexton
Vivian Smith

Brian Strunk
Rodney West
Sam Wright

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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 37243-1402
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INDEPENDENT AUDITOR'S REPORT

April 28, 2009

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, 2008, 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 did not audit the financial statements of the Scott County Emergency Communications District, which represent 3.6 percent and 1.3 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Scott County Emergency Communications District, is based on the report of the other auditors.

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

As discussed in Note IV.B., 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 all hospital and nursing home assets, as discussed in the previous 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, 2008, 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scott County, Tennessee, as of June 30, 2008, 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 April 28, 2009, 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.

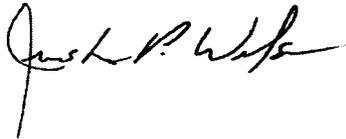
As described in Note V.B., Scott County has adopted the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

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, pension information, and postemployment benefits information on pages 83 through 89 are not required parts of the basic financial statements but they do provide 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 and the debt service funds, the combining and individual fund financial statements of the Scott County School Department (a discretely presented component unit), and the miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and debt service funds, the 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 by us 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 has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Justin P. Wilson
Comptroller of the Treasury

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BASIC FINANCIAL STATEMENTS

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Scott County, Tennessee
Statement of Net Assets
June 30, 2008

Exhibit A

	Primary Government			Component Units			
	Business-type		Total	Scott County		Emergency Communications District	
	Governmental Activities	Activities		School Department	Department		
	\$	600 \$	0 \$	600	\$	177,664 \$	686,048
Cash		3,933,697	39,796	3,973,493		1,060,704	0
Equity in Pooled Cash and Investments		34,148	0	34,148		0	0
Inventories		696,839	72,285	769,124		0	27,640
Accounts Receivable		(311,536)	0	(311,536)		0	0
Allowance for Uncollectibles		683,467	164,294	847,761		1,221,764	0
Due from Other Governments		145,363	(145,363)	0		0	0
Internal Balances		114,947	0	114,947		0	0
Other Loans Receivable		3,616,570	0	3,616,570		2,086,163	0
Property Taxes Receivable		(128,327)	0	(128,327)		(76,885)	0
Allowance for Uncollectible Property Taxes		0	0	0		0	4,487
Prepaid Items		0	0	0		2,247,265	0
Other Restricted Assets		0	0	0		0	0
Deferred Charges - Debt Issuance Cost		339,214	0	339,214		0	0
Capital Assets:							
Assets Not Depreciated:							
Land		1,906,783	70,000	1,976,783		710,561	0
Construction in Progress		9,257,146	1,276,866	10,534,012		234,990	0
Assets Net of Accumulated Depreciation:							
Buildings and Improvements		6,846,838	33,653	6,880,491		12,302,391	0
Other Capital Assets		1,609,558	2,151,407	3,760,965		1,745,678	83,476
Infrastructure - Roads, Streets, and Bridges		2,323,540	0	2,323,540		0	0
Total Assets		\$ 31,068,847	\$ 3,662,938	\$ 34,731,785		\$ 21,710,295	\$ 801,651

(Continued)

Exhibit A

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Scott County School Department	Emergency Communica- tions District	
LIABILITIES						
Accounts Payable	\$ 386,424	\$ 5,862	\$ 392,286	\$ 231,397	\$ 0	
Accrued Payroll	90,131	0	90,131	0	0	
Accrued Interest Payable	130,295	1,528	131,823	0	0	
Payroll Deductions Payable	42	0	42	0	0	
Contracts Payable	292,913	88,675	381,588	0	0	
Retainage Payable	231,362	43,166	274,528	0	0	
Due to State of Tennessee	1,322	0	1,322	0	0	
Deferred Revenue - Property Tax	3,278,800	0	3,278,800	1,881,405	0	
Other Current Liabilities	0	0	0	165,284	0	
Noncurrent Liabilities:						
Due Within One Year	1,858,086	39,548	1,897,634	25,225	8,430	
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	26,671,884	1,267,706	27,939,590	2,805,411	0	
Total Liabilities	\$ 32,941,259	\$ 1,446,485	\$ 34,387,744	\$ 5,108,722	\$ 8,430	
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	\$ 7,508,687	\$ 2,773,092	\$ 10,281,779	\$ 14,798,205	\$ 0	
Invested in Capital Assets Restricted for:	0	60,912	60,912	0	83,476	
Highways	542,673	0	542,673	0	0	
Debt Service	404,556	0	404,556	0	0	
Capital Projects	401,136	7,143	408,279	0	0	
Solid Waste	81,232	0	81,232	0	0	
District Attorney General	173,449	0	173,449	0	0	
State and Federal Assistance Programs	35,000	0	35,000	452,608	0	
Other Purposes	51,123	0	51,123	81,710	0	
Unrestricted	(11,070,268)	(624,694)	(11,694,962)	1,269,050	709,745	
Total Net Assets	\$ (1,872,412)	\$ 2,216,453	\$ 344,041	\$ 16,601,573	\$ 793,221	

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, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Scott County School Department	Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 1,441,915	\$ 145,705	\$ 88,106	\$ 0	\$ (1,208,104)	\$ 0	\$ (1,208,104)	\$ 0	\$ 0	0
Finance	719,315	452,841	8,878	0	(257,596)	0	(257,596)	0	0	0
Administration of Justice	770,956	646,291	301,436	0	176,771	0	176,771	0	0	0
Public Safety	2,621,621	121,104	137,623	34,267	(2,328,627)	0	(2,328,627)	0	0	0
Public Health and Welfare	2,050,242	2,975,814	204,088	195,185	1,324,845	0	1,324,845	0	0	0
Social, Cultural, and Recreational Services	184,498	15,863	21,566	293,212	146,143	0	146,143	0	0	0
Agriculture and Natural Resources	26,696	0	0	0	(26,696)	0	(26,696)	0	0	0
Other Operations	1,022,524	358,355	285,383	111,629	(267,157)	0	(267,157)	0	0	0
Highways	1,996,363	23,945	1,807,403	1,492,580	1,327,565	0	1,327,565	0	0	0
Education	211,751	0	0	0	(211,751)	0	(211,751)	0	0	0
Debt Service:										
Interest	984,914	0	0	0	(984,914)	0	(984,914)	0	0	0
Other Debt Service	98,208	0	0	0	(98,208)	0	(98,208)	0	0	0
Total Governmental Activities	\$ 12,129,003	\$ 4,739,918	\$ 2,854,483	\$ 2,126,873	\$ (2,407,729)	\$ 0	\$ (2,407,729)	\$ 0	\$ 0	0
Business-type Activities:										
Public Utility - Sewer	\$ 196,994	\$ 127,748	\$ 1,473	\$ 861,115	\$ 0	\$ 793,342	\$ 793,342	\$ 0	\$ 0	0
Solid Waste Disposal	15,236	203,721	0	0	0	188,485	188,485	0	0	0
Total Business-type Activities	\$ 212,230	\$ 331,469	\$ 1,473	\$ 861,115	\$ 0	\$ 981,827	\$ 981,827	\$ 0	\$ 0	0
Total Primary Government	\$ 12,341,233	\$ 5,071,387	\$ 2,855,956	\$ 2,987,988	\$ (2,407,729)	\$ 981,827	\$ (1,425,902)	\$ 0	\$ 0	0
Component Units:										
Scott County School Department	\$ 21,929,483	\$ 330,522	\$ 4,073,486	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ (17,475,475)	\$ 0	0
Emergency Communications District	181,037	254,633	12,231	0	0	0	0	0	0	85,827
Total Component Units	\$ 22,110,520	\$ 585,155	\$ 4,085,717	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ (17,475,475)	\$ 85,827	85,827

(Continued)

Exhibit B

Scott County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues			Primary Government				Component Units		
	Charges for	Operating	Capital	Governmental	Business-type	Total	Scott	Emergency	Communications	District
Services	Contributions	Grants and Contributions	Activities	Activities		County School Department				
General Revenues:										
Property Taxes Levied for General Purposes				\$ 1,445,564	\$ 0	\$ 1,445,564	\$ 1,926,426	\$ 0		0
Property Taxes Levied for General Debt Services				865,973	0	865,973	0	0		0
Property Taxes Levied for Rural Debt Service				1,071,276	0	1,071,276		0		0
Local Option Sales Taxes				304,070	0	304,070	1,229,578	0		0
Litigation Taxes				122,714	0	122,714	0	0		0
Business Taxes				133,697	0	133,697	0	0		0
Bank Excise Taxes				103,561	0	103,561	0	0		0
Other Taxes				149,254	0	149,254	25,433	0		0
Grants and Contributions Not Restricted to Specific Programs				852,208	0	852,208	14,299,850	0		0
Unrestricted Investment Income				404,447	0	404,447	0	22,777		0
Miscellaneous				78,234	0	78,234	17,343	0		0
Total General Revenues				\$ 5,530,998	\$ 0	\$ 5,530,998	\$ 17,498,630	\$ 22,777		0
Transfers				\$ 59,777	\$ (59,777)	\$ 0	\$ 0	\$ 0		0
Change in Net Assets				\$ 3,183,046	\$ 922,050	\$ 4,105,096	\$ 23,155	\$ 108,604		0
Net Assets, July 1, 2007				(5,055,458)	1,132,854	(3,922,604)	16,578,418	684,617		0
Prior-period Adjustment				0	161,549	161,549	0	0		0
Net Assets, June 30, 2008				\$ (1,872,412)	\$ 2,216,453	\$ 344,041	\$ 16,601,573	\$ 793,221		0

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, 2008

	Major Funds							Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds		
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500	\$ 600	
Equity in Pooled Cash and Investments	2,065,456	193,867	289,773	188,370	152,540	625,897	417,794	3,933,697	34,148	
Inventories	34,148	0	0	0	0	0	0	0	0	
Accounts Receivable	47,217	649,033	0	0	0	46	543	696,839	(311,536)	
Allowance for Uncollectibles	0	(311,536)	0	0	0	0	0	0	0	
Due from Other Governments	297,519	0	304,570	7,241	28,971	0	45,166	683,467	447,413	
Due from Other Funds	249,235	0	9,054	20,655	22,579	0	145,890	114,947	0	
Other Loan Proceeds Receivable	0	0	0	0	0	114,947	0	0	0	
Property Taxes Receivable	1,597,709	0	0	932,647	1,086,214	0	0	3,616,570	(128,327)	
Allowance for Uncollectible Property Taxes	(58,062)	0	0	(34,584)	(35,681)	0	0	0	0	
Total Assets	\$ 4,233,322	\$ 531,364	\$ 603,397	\$ 1,114,329	\$ 1,254,623	\$ 740,890	\$ 609,893	\$ 9,087,818		

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 347,115	\$ 1,853	\$ 13,043	\$ 0	\$ 0	\$ 14,995	\$ 9,418	\$ 386,424	
Accounts Payable	11,079	45,758	30,951	0	0	0	2,343	90,131	
Accrued Payroll	0	0	42	0	0	0	0	42	
Payroll Deductions Payable	0	0	0	0	0	292,913	0	292,913	
Contracts Payable	0	0	0	0	0	231,362	0	231,362	
Retainage Payable	0	0	0	0	0	0	0	0	
Due to Other Funds	88,569	59,415	16,688	0	0	0	137,378	302,050	
Due to State of Tennessee	0	1,322	0	0	0	0	0	1,322	
Deferred Revenue - Current Property Taxes	1,444,699	0	0	840,129	993,972	0	0	3,278,800	
Deferred Revenue - Delinquent Property Taxes	85,204	0	0	51,988	50,885	0	0	188,077	
Other Deferred Revenues	82,660	147,644	147,673	0	28,971	0	0	406,948	
Total Liabilities	\$ 2,059,326	\$ 255,992	\$ 208,397	\$ 892,117	\$ 1,073,828	\$ 539,270	\$ 149,139	\$ 5,178,069	

(Continued)

Exhibit C-1

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

	Major Funds							Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds		
LIABILITIES AND FUND BALANCES (Cont.)										
Fund Balances										
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,297	\$ 212,974	\$ 0	\$ 227,271	
Reserved for Sexual Offender Registration	2,900	0	0	0	0	0	0	0	2,900	
Reserved for Courtroom Security	84	0	0	0	0	0	0	0	84	
Reserved for Automation Purposes - Chancery Court	422	0	0	0	0	0	0	0	422	
Reserved for Aging Programs	3,866	0	0	0	0	0	0	0	3,866	
Reserved for Inventory	34,148	0	0	0	0	0	0	0	34,148	
Other Federal Reserves	952	0	0	0	0	0	35,000	0	35,952	
Reserved for Other General Purposes	5,115	0	0	0	0	0	0	0	5,115	
Unreserved, Reported In:										
General Fund	2,126,509	0	0	0	0	0	0	0	2,126,509	
Special Revenue Funds	0	275,372	395,000	0	0	0	258,317	0	928,689	
Debt Service Funds	0	0	0	222,212	180,795	0	0	0	403,007	
Capital Projects Funds (Deficit)	0	0	0	0	0	187,323	(45,537)	0	141,786	
Total Fund Balances	\$ 2,173,996	\$ 275,372	\$ 395,000	\$ 222,212	\$ 180,795	\$ 201,620	\$ 460,754	\$ 3,909,749		
Total Liabilities and Fund Balances	\$ 4,233,322	\$ 531,364	\$ 603,397	\$ 1,114,329	\$ 1,254,623	\$ 740,890	\$ 609,893	\$ 9,087,818		

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

Exhibit C-2

Scott County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2008

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)		\$ 3,909,749
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,906,783	
Add: construction in progress	9,257,146	
Add: infrastructure net of accumulated depreciation	2,323,540	
Add: buildings and improvements net of accumulated depreciation	6,846,838	
Add: other capital assets net of accumulated depreciation	<u>1,609,558</u>	21,943,865
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (4,288,589)	
Less: other loans payable	(11,970,760)	
Less: capital leases payable	(47,507)	
Less: bonds payable	(12,064,000)	
Add: deferred amount on refunding	52,784	
Add: deferred charges - debt issuance costs	339,214	
Less: compensated absences payable	(182,479)	
Less: accrued interest on bonds, notes, and capital leases	(130,295)	
Less: other deferred revenue - premium on debt	<u>(29,419)</u>	(28,321,051)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>595,025</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (1,872,412)</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, 2008

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Other Governmental Funds	
Revenues								
Local Taxes	\$ 2,221,226	\$ 0	\$ 235	\$ 900,950	\$ 1,174,371	\$ 0	\$ 0	\$ 4,296,782
Licenses and Permits	20,493	0	0	822	0	0	0	21,315
Fines, Forfeitures, and Penalties	149,736	0	0	0	0	0	152,416	302,152
Charges for Current Services	412,709	2,447,466	0	0	0	300	8,644	2,869,119
Other Local Revenues	867,420	2,568	52,071	89,870	228,264	44	18,622	1,258,859
Fees Received from County Officials	851,185	0	0	0	0	0	0	851,185
State of Tennessee	1,197,455	0	1,883,325	0	0	0	166,886	3,247,666
Federal Government	327,775	0	0	0	0	293,212	220,524	841,511
Other Governments and Citizens Groups	0	0	0	0	185,773	0	0	185,773
Total Revenues	\$ 6,047,999	\$ 2,450,034	\$ 1,935,631	\$ 991,642	\$ 1,588,408	\$ 293,556	\$ 567,092	\$ 13,874,362
Expenditures								
Current:								
General Government	\$ 1,215,493	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,215,493
Finance	715,289	0	0	0	0	0	100	715,389
Administration of Justice	656,394	0	0	0	0	0	106,475	762,869
Public Safety	2,626,774	0	0	0	0	0	0	2,626,774
Public Health and Welfare	200,123	1,929,648	0	0	0	0	139,748	2,269,519
Social, Cultural, and Recreational Services	133,732	0	0	0	0	0	0	133,732
Agriculture and Natural Resources	26,696	0	0	0	0	0	0	26,696
Other Operations	954,493	0	0	0	0	0	20,799	975,292
Highways	235	0	1,910,925	0	0	0	14,897	1,926,057
Support Services	90,000	0	0	0	0	0	0	90,000
Debt Service:								
Principal on Debt	0	0	178,759	823,220	886,645	0	0	1,888,624
Interest on Debt	0	0	42,138	358,829	573,789	0	0	974,756
Other Debt Service	0	0	0	30,223	26,350	0	51,279	107,852
Capital Projects	0	0	0	0	0	5,616,136	116,979	5,733,115
Capital Projects - Donated	0	0	0	0	0	0	121,751	121,751
Total Expenditures	\$ 6,619,229	\$ 1,929,648	\$ 2,131,822	\$ 1,212,272	\$ 1,486,784	\$ 5,616,136	\$ 572,028	\$ 19,567,919
Excess (Deficiency) of Revenues Over Expenditures	\$ (571,230)	\$ 520,386	\$ (196,191)	\$ (220,630)	\$ 101,624	\$ (5,322,580)	\$ (4,936)	\$ (5,693,557)

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	General Capital Projects	Other Governmental Funds		
Other Financing Sources (Uses)									
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,250,000	\$ 1,250,000	
Notes Issued	0	0	300,000	0	0	0	245,570	545,570	
Premiums on Debt Issued	0	0	0	0	0	0	12,454	12,454	
Other Loans Issued	0	0	0	0	0	5,479,552	0	5,479,552	
Insurance Recovery	26,515	0	0	0	0	0	0	26,515	
Transfers In	500,000	0	0	369,323	0	0	270,000	1,139,323	
Transfers Out	(386,944)	(500,000)	(14,032)	(178,570)	0	0	0	(1,079,546)	
Total Other Financing Sources (Uses)	\$ 139,571	\$ (500,000)	\$ 285,968	\$ 190,753	\$ 0	\$ 5,479,552	\$ 1,778,024	\$ 7,373,868	
Net Change in Fund Balances	\$ (431,659)	\$ 20,386	\$ 89,777	\$ (29,877)	\$ 101,624	\$ 156,972	\$ 1,773,088	\$ 1,680,311	
Fund Balance, July 1, 2007	2,605,655	254,986	305,223	252,089	79,171	44,648	(1,312,334)	2,229,438	
Fund Balance, June 30, 2008	\$ 2,173,996	\$ 275,372	\$ 395,000	\$ 222,212	\$ 180,795	\$ 201,620	\$ 460,754	\$ 3,909,749	

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

Exhibit C-4

Scott County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2008

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)		\$ 1,680,311
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 6,188,535	
Less: current year depreciation expense	(532,691)	
Less: net book value of assets disposed	<u>(50,000)</u>	5,605,844
(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.		1,492,580
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 595,025	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(709,695)</u>	(114,670)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (545,570)	
Less: other loan proceeds	(5,479,552)	
Less: bond proceeds	(1,250,000)	
Less: change in unamortized premium on debt issuance	(11,217)	
Add: change in deferred debt issuance costs	27,797	
Add: principal payments on bonds	963,000	
Add: principal payments on notes	552,368	
Add: principal payments on other loans	335,800	
Add: principal payments on capital leases	37,456	
Less: change in deferred amount on refunding	<u>(18,153)</u>	(5,388,071)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (11,395)	
Change in compensated absences payable	<u>(81,553)</u>	(92,948)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,183,046</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, 2008

	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	\$ 11,285	\$ 28,511	\$ 39,796
Accounts Receivable	0	72,285	72,285
Due from Other Governments	164,294	0	164,294
Due from Other Funds	0	53,000	53,000
Capital Assets:			
Assets Not Depreciated:			
Land	10,000	60,000	70,000
Construction in Progress	1,276,866	0	1,276,866
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	32,741	912	33,653
Other Capital Assets	2,151,407	0	2,151,407
Total Assets	<u>\$ 3,646,593</u>	<u>\$ 214,708</u>	<u>\$ 3,861,301</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 1,962	\$ 3,900	\$ 5,862
Contracts Payable	88,675	0	88,675
Retainage Payable	43,166	0	43,166
Accrued Interest Payable	1,528	0	1,528
Due to Other Funds	198,363	0	198,363
Noncurrent Liabilities:			
Due Within One Year	12,881	26,667	39,548
Due in More Than One Year	685,041	582,665	1,267,706
Total Liabilities	<u>\$ 1,031,616</u>	<u>\$ 613,232</u>	<u>\$ 1,644,848</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 2,773,092	\$ 0	\$ 2,773,092
Invested in Capital Assets	0	60,912	60,912
Restricted for Capital Outlay	7,143	0	7,143
Unrestricted	(165,258)	(459,436)	(624,694)
Total Net Assets	<u>\$ 2,614,977</u>	<u>\$ (398,524)</u>	<u>\$ 2,216,453</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, 2008

	Business-type Activities -		
	Enterprise Funds -		
	Major Funds		
	Public Utility Fund	Solid Waste Disposal Fund	Total
<u>Operating Revenues</u>			
Charges for Services	\$ 127,748	\$ 203,721	\$ 331,469
Other Operating Income	1,473	0	1,473
Total Operating Revenue	<u>\$ 129,221</u>	<u>\$ 203,721</u>	<u>\$ 332,942</u>
<u>Operating Expenses</u>			
Communication	\$ 1,722	\$ 0	\$ 1,722
Other Contracted Services	68,959	0	68,959
Diesel Fuel	109	0	109
Utilities	23,946	0	23,946
Gasoline	204	0	204
Water and Sewer	833	0	833
Supplies and Materials	13,899	0	13,899
Depreciation	58,220	1,290	59,510
Vehicle Insurance	1,138	0	1,138
Trustee's Commission	1,277	1,759	3,036
Other Charges	61	0	61
Postclosure Care Costs	0	10,078	10,078
Total Operating Expenses	<u>\$ 170,368</u>	<u>\$ 13,127</u>	<u>\$ 183,495</u>
Operating Income (Loss)	<u>\$ (41,147)</u>	<u>\$ 190,594</u>	<u>\$ 149,447</u>
<u>Nonoperating Revenues (Expenses)</u>			
Federal Grants	\$ 861,115	\$ 0	\$ 861,115
Interest on Bonds	(26,626)	0	(26,626)
Interest on Notes	0	(2,109)	(2,109)
Total Nonoperating Revenues (Expenses)	<u>\$ 834,489</u>	<u>\$ (2,109)</u>	<u>\$ 832,380</u>
Income Before Contributions and Transfers	\$ 793,342	\$ 188,485	\$ 981,827
Transfers In (Out)	60,223	(120,000)	(59,777)
Change in Net Assets	\$ 853,565	\$ 68,485	\$ 922,050
Net Assets, July 1, 2007	1,599,863	(467,009)	1,132,854
Prior-period Adjustment	161,549	0	161,549
Net Assets, June, 30, 2008	<u>\$ 2,614,977</u>	<u>\$ (398,524)</u>	<u>\$ 2,216,453</u>

The notes to the financial statements 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, 2008

	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	\$ 127,873	\$ 175,932	\$ 303,805
Other Operating Income	1,473	0	1,473
Payments to Vendors	(116,083)	(1,759)	(117,842)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 13,263</u>	<u>\$ 174,173</u>	<u>\$ 187,436</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers from Other Funds	\$ 28,570	\$ 0	\$ 28,570
Transfers to Other Funds	0	(120,000)	(120,000)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 28,570</u>	<u>\$ (120,000)</u>	<u>\$ (91,430)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Paid on Closure/Postclosure Care Liability	\$ 0	\$ (145,851)	\$ (145,851)
Federal Grants	696,821	0	696,821
Revenue Bonds Issued	255,000	0	255,000
Transfers from Other Funds	31,653	0	31,653
Acquisition and Construction of Capital Assets	(983,476)	0	(983,476)
Principal Paid on Bonds	(12,078)	0	(12,078)
Interest Paid on Bonds	(26,662)	0	(26,662)
Principal Paid on Notes	0	(7,667)	(7,667)
Interest Paid on Notes	0	(2,109)	(2,109)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (38,742)</u>	<u>\$ (155,627)</u>	<u>\$ (194,369)</u>
Increase (Decrease) in Cash	\$ 3,091	\$ (101,454)	\$ (98,363)
Cash, July 1, 2007	8,194	129,965	138,159
Cash, June 30, 2008	<u>\$ 11,285</u>	<u>\$ 28,511</u>	<u>\$ 39,796</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>			
Operating Income (Loss)	\$ (41,147)	\$ 190,594	\$ 149,447
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
Depreciation	58,220	1,290	59,510
Postclosure Care Costs	0	10,078	10,078
Changes in Assets and Liabilities:			
(Increase) Decrease in Current Receivables, Net of Allowance	125	(27,789)	(27,664)
Increase (Decrease) in Current Liabilities	(3,935)	0	(3,935)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 13,263</u>	<u>\$ 174,173</u>	<u>\$ 187,436</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, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 556,659
Equity in Pooled Cash and Investments	206,220
Due from Other Governments	419,872
Property Taxes Receivable	1,458,665
Allowance for Uncollectible Taxes	<u>(56,069)</u>
Total Assets	<u>\$ 2,585,347</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 42,467
Due to Other Taxing Units	1,863,103
Due to Litigants, Heirs, and Others	556,659
Due to Joint Ventures	<u>123,118</u>
Total Liabilities	<u>\$ 2,585,347</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, 2008

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 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 Scott County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of

contents. Complete financial statements of the 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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. 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. Scott County issued \$245,570 of capital outlay notes on behalf of the School Department during the year ended June 30, 2008.

Separate financial statements are provided for governmental funds, proprietary funds (enterprise), and fiduciary funds. The fiduciary funds are

excluded from the government-wide financial statements. Major individual governmental funds and individual major 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, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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. Scott County reports two proprietary funds, enterprise funds. It has no internal service funds to report.

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. 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 grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when

amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable 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 funds and fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

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

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of 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 benefit the areas of Scott County outside the Special School District (Oneida).

General Capital Projects Fund – This fund is used primarily to account for the activities related to the construction of the new justice center.

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 transactions related to 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.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to the same limitation. Scott County has elected not to follow subsequent private-sector guidance.

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, including host fees. Operating expenses for the enterprise funds include various operational expenses for wastewater treatment and landfill activity.

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.

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 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. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as internal balances.

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 historical collection data. The allowance for uncollectible property taxes is equal to two 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.

Other Loan Proceeds Receivable in the General Capital Projects Fund represents amounts requested but not received as of June 30, 2008, under the county's loan agreement with the Montgomery County Public Building Authority.

Most payables are disaggregated on the face of the financial statements. 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.

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

3. Inventories and Prepaid Items

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 the governmental funds to indicate that amounts are not available for appropriation.

4. Restricted Assets

The Scott County School Department has entered into a contract with Ameresco, Inc., to make energy management improvements at various schools. The School Department has also entered into a lease-purchase agreement with Bank of America whereby the bank provides financing for the improvements and leases those improvements to the School Department. Funds to pay for the improvements have been placed in an escrow account with Deutsche Bank National Trust Company pursuant to an agreement between the School Department and Bank of America. Funds are drawn as payments are due to the contractor, Ameresco, Inc. The balance of funds held in escrow at June 30, 2008, is shown as Other Restricted Assets in the General Purpose School Fund. The commitment with Ameresco, Inc., is reflected as Reserved for Encumbrances.

5. 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 and business-type columns 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

6. 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.

7. 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized

over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. 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, 2008, Scott County had \$13,723,372 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. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations in the General Fund on June 30, 2008:

<u>Fund/Purpose</u>	<u>Amount</u>
General Fund:	
Commission District Improvement	\$ 22,693
Misdirected Situs Tax Revenue	95,231

9. Prior-period Adjustment

Capital assets in the Public Utility Fund were restated \$161,549 from the prior-year because construction in progress related to a sewer project was omitted.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Scott County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

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

Primary Government

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

Discretely Presented Scott County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficit/Net Assets Deficit

The Community Development/Industrial Park Fund had a deficit in unreserved fund balance of \$29,142 at June 30, 2008. Management has not taken steps to liquidate this deficit as of the date of this report.

The Other Capital Projects Fund had a deficit in unreserved fund balance of \$2,937 at June 30, 2008. This deficit was liquidated by the receipt of revenue subsequent to year-end.

The Education Capital Projects Fund had a deficit in unreserved fund balance of \$13,458 on June 30, 2008. This deficit resulted from the costs of a current roofing project, including the unperformed portion of construction contracts of \$212,974, which are reserved as encumbrances. Management has not taken steps to liquidate this deficit as of the date of this report.

The Public Utility Fund (enterprise fund) had a deficit of \$165,258 in unrestricted net assets at June 30, 2008. Management has not taken steps to liquidate this deficit as of the date of this report.

The Solid Waste Disposal Fund (enterprise fund) had a deficit of \$459,436 in unrestricted net assets at June 30, 2008. This deficit resulted primarily from a liability of \$570,000 being recorded for closure/postclosure care costs. See Footnote V.F. for more information related to this liability.

C. Previously Reported Cash Shortage

In the prior year audit report we reported a cash shortage of \$17,234.24 existed in the Office of Circuit and General Sessions Courts Clerk as of January 17, 2008. This shortage was liquidated January 18, 2008. The details of the cash shortage and operational deficiencies that contributed to the opportunity for the shortage to occur were reported in Findings 07.01 through 07.04 of the prior-year audit report. The employee resigned on January 17, 2008, and later entered into a judicial diversion agreement with the district attorney general related to charges of theft.

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 reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral

securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of 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, 2008, other than the funds held by an escrow trustee as discussed in Note I.D.4. The escrow trustee invested those funds in mutual funds pursuant to an agreement with the School Department. At June 30, 2008, the restricted assets balance of \$2,247,265 was invested in Goldman Sachs Financial Square Money Market Funds Treasury Obligation. Mutual Funds are not an investment type authorized for counties by state statute. This investment was liquidated subsequent to June 30, 2008.

B. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 1,956,783	\$ 0	\$ (50,000)	\$ 1,906,783
Construction in Progress	3,641,009	5,616,137	0	9,257,146
Total Capital Assets Not Depreciated	<u>\$ 5,597,792</u>	<u>\$ 5,616,137</u>	<u>\$ (50,000)</u>	<u>\$ 11,163,929</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,005,333	\$ 0	\$ 0	\$ 10,005,333
Infrastructure	824,456	1,604,209	0	2,428,665
Other Capital Assets	2,552,945	460,769	0	3,013,714
Total Capital Assets Depreciated	<u>\$ 13,382,734</u>	<u>\$ 2,064,978</u>	<u>\$ 0</u>	<u>\$ 15,447,712</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,914,264	\$ 244,231	\$ 0	\$ 3,158,495
Infrastructure	60,653	44,472	0	105,125
Other Capital Assets	1,160,168	243,988	0	1,404,156
Total Accumulated Depreciation	<u>\$ 4,135,085</u>	<u>\$ 532,691</u>	<u>\$ 0</u>	<u>\$ 4,667,776</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,247,649</u>	<u>\$ 1,532,287</u>	<u>\$ 0</u>	<u>\$ 10,779,936</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,845,441</u>	<u>\$ 7,148,424</u>	<u>\$ (50,000)</u>	<u>\$ 21,943,865</u>

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.E. for a discussion of those leases. Management was unable to determine carrying values and accumulated depreciation for these leased assets.

Business-type Activities

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 70,000	\$ 0	\$ 70,000
*Construction in Progress	161,549	1,115,317	1,276,866
Total Capital Assets Not Depreciated	\$ 231,549	\$ 1,115,317	\$ 1,346,866
Capital Assets Depreciated:			
Buildings and Improvements	\$ 119,344	\$ 0	\$ 119,344
Other Capital Assets	2,621,953	0	2,621,953
Total Capital Assets Depreciated	\$ 2,741,297	\$ 0	\$ 2,741,297
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 79,724	\$ 5,967	\$ 85,691
Other Capital Assets	417,003	53,543	470,546
Total Accumulated Depreciation	\$ 496,727	\$ 59,510	\$ 556,237
Total Capital Assets Depreciated, Net	\$ 2,244,570	\$ (59,510)	\$ 2,185,060
Business-type Activities Capital Assets, Net	\$ 2,476,119	\$ 1,055,807	\$ 3,531,926

*The beginning balance in construction in progress has been increased \$161,549 for a prior-period adjustment. See Note I.D.9. for further information.

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

Governmental Activities:

General Government	\$ 161,969
Administration of Justice	2,220
Finance	3,044
Public Safety	61,724
Public Health and Welfare	97,029
Social, Cultural, and Recreational Services	52,360
Other Operations	43,535
Highways	<u>110,810</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 532,691</u>

Business-type Activities:

Sewer	\$ 58,220
Solid Waste Disposal	<u>1,290</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 59,510</u>

Discretely Presented Scott County School Department

Capital assets activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 660,561	\$ 50,000	\$ 0	\$ 710,561
Construction in Progress	<u>207,600</u>	<u>317,715</u>	<u>(290,325)</u>	<u>234,990</u>
Total Capital Assets Not Depreciated	<u>\$ 868,161</u>	<u>\$ 367,715</u>	<u>\$ (290,325)</u>	<u>\$ 945,551</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,855,653	\$ 290,325	\$ 0	\$ 19,145,978
Other Capital Assets	<u>3,705,414</u>	<u>98,518</u>	<u>(81,314)</u>	<u>3,722,618</u>
Total Capital Assets Depreciated	<u>\$ 22,561,067</u>	<u>\$ 388,843</u>	<u>\$ (81,314)</u>	<u>\$ 22,868,596</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,357,628	\$ 485,959	\$ 0	\$ 6,843,587
Other Capital Assets	<u>1,719,793</u>	<u>338,461</u>	<u>(81,314)</u>	<u>1,976,940</u>
Total Accumulated Depreciation	<u>\$ 8,077,421</u>	<u>\$ 824,420</u>	<u>\$ (81,314)</u>	<u>\$ 8,820,527</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,483,646</u>	<u>\$ (435,577)</u>	<u>\$ 0</u>	<u>\$ 14,048,069</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,351,807</u>	<u>\$ (67,862)</u>	<u>\$ (290,325)</u>	<u>\$ 14,993,620</u>

Depreciation expense was charged to functions of the discretely presented Scott County School Department as follows.

Governmental Activities:

Instruction	\$ 14,497
Support Services	803,191
Operation of Non-Instructional Services	<u>6,732</u>
 Total Depreciation Expense- Governmental Activities	 <u><u>\$ 824,420</u></u>

C. Construction Commitments

At June 30, 2008, the county had uncompleted justice center construction contracts of \$14,297 in the General Capital Projects Fund. Funding has been provided for these future expenditures.

At June 30, 2008, the county had uncompleted roofing contracts of \$212,974 in the Education Capital Projects Fund. A majority of the funding has been received for these future expenditures through the issuance of a capital outlay note. Funding has not been provided for \$13,458 of these commitments.

At June 30, 2008 the Scott County School Department had uncompleted construction projects of \$2,247,265 in the General Purpose School Fund related to energy efficiency upgrades in various schools. The School Department has issued a capital lease to provide funding for this project. See Note IV.F. for additional details of this lease agreement.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Ambulance	\$ 59,415
General	Highway/Public Works	16,688
General	Public Utility	102,663
General	Nonmajor governmental	70,469
Highway/Public Works	General	9,054
General Debt Service	Public Utility	6,325
General Debt Service	Nonmajor governmental	14,330
Rural Debt Service	Nonmajor governmental	22,579

(Continued)

Due to/from Other Funds (Cont.):

Receivable Fund	Payable Fund	Amount
Solid Waste Disposal	Public Utility	\$ 23,000
Solid Waste Disposal	Nonmajor governmental	30,000
Nonmajor governmental	General	79,515
Nonmajor governmental	Public Utility	<u>66,375</u>
Total		<u>\$ 198,890</u>

These balances resulted from the correction of posting errors, the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made, and from unpaid interfund loans.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

Primary Government:

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	Public Utility Fund
General Fund	\$ 0	\$ 355,291	\$ 31,653
Ambulance Service Fund	500,000	0	0
Highway/Public Works Fund	0	14,032	0
General Debt Service Fund	0	0	<u>28,570</u>
Total	<u>\$ 500,000</u>	<u>\$ 369,323</u>	<u>\$ 60,223</u>

Transfers Out	Transfers In Nonmajor Governmental Funds
General Debt Service Fund	\$ 150,000
Solid Waste Disposal	<u>120,000</u>
Total	<u>\$ 270,000</u>

Discretely Presented Scott County School Department:

	Transfer In
Transfer Out	General Purpose School Fund
School Federal Projects Fund	\$ 7,621

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

E. Income from Operating Lease Commitments

During the year ending June 30, 2005, Scott County entered into a three-year agreement with Attentus of Scott County, LLC (Attentus), for the operation of the Scott County Hospital. Attentus conveyed and assigned its rights and obligations under the lease to St. Mary's Medical Center of Scott County, Inc., and St. Mary's Health System, Inc., (collectively "St. Mary's") effective January 1, 2008. This assignment was approved by the Scott County Board of County Commissioners on December 17, 2007.

The lease agreement also provided for the construction of a new hospital facility by the leasee on land to be purchased by the county and leased to St. Mary's through a 50-year ground lease within three years of the agreement. That facility has not been constructed. In accordance with provisions of the lease regarding the failure to construct a new facility, the county, after the initial three-year lease period, begin receiving a monthly payment of \$83,333. Those payments began in February 2008 and have been credited to the General Fund. Subsequent to June 30, 2008, Scott County amended its lease agreement as discussed in Note V.C. The monthly payments were terminated and the requirement for the construction of a new hospital has been dropped from the agreement.

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 fee. The current payments under this agreement are \$89,011 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.

F. Capital Leases

Primary Government

Scott County entered into capital lease agreements totaling \$119,671 to finance the acquisition of vehicles. These agreements provided for original terms of up to five years at interest rates ranging from three to four percent.

Future minimum payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2009	\$ 26,363
2010	23,192
Total Minimum Lease Payments	\$ 49,555
Amount Representing Interest	<u>(2,048)</u>
Present Value of Minimum Lease Payments	<u>\$ 47,507</u>

Discretely Presented Scott County School Department

On May 18, 2008, the Scott County School Department entered into a 19-year lease-purchase agreement for energy efficiency upgrades and equipment for school facilities. The terms of the agreement require total lease payments of \$2,442,680 plus interest of 4.62 percent. Title to the upgrades and equipment transfers to the School Department immediately upon acceptance of each upgrade or item of equipment. The majority of the upgrades and equipment were installed in the various schools subsequent to year end. The lease funds to pay for the remaining equipment and upgrades at June 30, 2008, have been placed in escrow as discussed in Note I.D.4. These amounts, totaling \$2,247,265, have been reflected as Other Restricted Assets in the General Purpose School Fund. The General Purpose School Fund will begin making the lease payments during the fiscal year ended June 30, 2009.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2009	\$ 93,658
2010	161,625
2011	165,229
2012	170,185
2013	175,291

Year Ending June 30 (Cont.)	Governmental Funds
2014-2018	\$ 958,565
2019-2023	1,111,238
2024-2027	1,051,890
Total Minimum Lease Payments	\$ 3,887,681
Amount Representing Interest	(1,445,001)
Present Value of Minimum Lease Payments	<u>\$ 2,442,680</u>

G. 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 28 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 totaling \$961,723 will be retired from the Highway/Public Works Fund. All other notes, bonds, and other loans outstanding will be retired from the debt service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	3 to 5 %	\$ 3,205,000	\$ 2,879,000
General Obligation Bonds - Refunding	1.1 to 4.5	14,707,635	9,185,000
Capital Outlay Notes	3.5 to 5.49	5,565,368	4,288,589
Other Loans	Variable	12,968,260	11,970,760
Capital Leases	3.47 to 3.99	119,671	47,507

In prior years, Scott County entered into loan agreements with the Montgomery County Public Building Authority. These loan agreements provided for the authority to loan \$1,000,000 and \$3,000,000 to Scott County for various renovation and construction projects. These 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, 2008, the variable interest rate was 1.55 percent on the \$1,000,000 loan and 2.5 percent on the \$3,000,000 loan. Other fees totaled approximately .78 percent of the outstanding loan principal on the \$1,000,000 loan and approximately .75 percent of the outstanding loan principal on the \$3,000,000 loan.

On February 27, 2007, Scott County entered into another loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to loan \$10,000,000 to Scott County for the construction of a jail and justice center. As of June 30, 2008, Scott County had borrowed \$8,968,260 of this amount. The amount borrowed includes \$114,947, which was requested in June 2008, but not received until July. That amount is reflected as Other Loan Proceeds Receivable in the financial statements. This loan is repayable at an interest rate that is a tax-exempt variable rate 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 this loan. At June 30, 2008, the variable interest rate was 2.5 percent. Other fees totaled approximately .48 percent of the outstanding loan principal.

The following table summarizes loan agreements outstanding at June 30, 2008:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Interest Rates as of 6-30-08	Other Fees on Variable Rate Debt
<u>Montgomery County Public Building Authority</u>					
Building and Equipment	\$ 1,000,000	\$ 666,500	Variable	1.55%	.78%
Various School Projects	3,000,000	2,507,000	Variable	2.5	.75
Justice Center	10,000,000	<u>8,797,260</u> (1)	Variable	2.5	.48
Total		<u>\$ 11,970,760</u>			

(1) Total available at June 30, 2008, for future draws under this loan agreement is \$1,031,740.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2008, including interest and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Totals
2009	\$ 899,000	\$ 523,884	\$ 1,422,884
2010	855,000	476,071	1,331,071
2011	801,000	443,309	1,244,309
2012	812,000	411,429	1,223,429
2013	818,000	378,424	1,196,424
2014-2018	1,979,000	1,515,638	3,494,638
2019-2023	1,710,000	1,185,517	2,895,517
2024-2028	3,330,000	685,802	4,015,802
2029-2033	785,000	72,562	857,562
2034-2035	75,000	5,463	80,463
Total	\$ 12,064,000	\$ 5,698,099	\$ 17,762,099

Year Ending June 30	Notes		
	Principal	Interest	Totals
2009	\$ 547,102	\$ 189,744	\$ 736,846
2010	836,700	165,040	1,001,740
2011	482,321	126,395	608,716
2012	483,504	105,112	588,616
2013	469,545	83,446	552,991
2014-2018	1,408,554	160,554	1,569,108
2019	60,863	1,920	62,783
Total	\$ 4,288,589	\$ 832,211	\$ 5,120,800

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	\$ 350,600	\$ 292,937	\$ 66,469	\$ 710,006
2010	365,500	284,529	64,308	714,337
2011	381,500	275,767	62,059	719,326
2012	397,600	266,624	59,713	723,937
2013	414,700	257,098	57,272	729,070

(Continued)

Year Ending June 30	Other Loans (Cont.)			
	Principal	Interest	Other Fees	Total
2014-2018	\$ 2,363,400	\$ 1,127,475	\$ 245,979	\$ 3,736,854
2019-2023	2,780,200	820,169	168,083	3,768,452
2024-2028	2,065,000	516,435	99,634	2,681,069
2029-2033	2,636,000	231,160	44,596	2,911,756
2034	216,260	5,407	1,043	222,710
Total	\$ 11,970,760	\$ 4,077,601	\$ 869,156	\$ 16,917,517

There is \$403,007 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$153, based on the 2000 federal census for residents living inside the Oneida School District and \$657, for residents living outside the Oneida School District. Debt per capita, including notes, other loans, and capital leases totaled \$712, for residents living inside the Oneida Special School District and \$1473, for residents living outside the Oneida Special School District.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2007	\$ 11,777,000	\$ 4,295,387	\$ 84,963
Additions	1,250,000	545,570	0
Deductions	(963,000)	(552,368)	(37,456)
Balance, June 30, 2008	\$ 12,064,000	\$ 4,288,589	\$ 47,507
Balance Due Within One Year	\$ 899,000	\$ 547,102	\$ 24,888

	<u>Other Loans</u>	<u>Compensated Absences</u>
Balance, July 1, 2007	\$ 6,827,008	\$ 100,916
Additions	5,479,552	230,808
Deductions	<u>(335,800)</u>	<u>(149,245)</u>
Balance, June 30, 2008	<u>\$ 11,970,760</u>	<u>\$ 182,479</u>
Balance Due Within One Year	<u>\$ 350,600</u>	<u>\$ 36,496</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 28,553,335
Less: Balance Due Within One Year	(1,858,086)
Less: Deferred Amount on Refunding	(52,784)
Add: Unamortized Premium on Debt	<u>29,419</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 26,671,884</u>

During the year, the discretely presented Scott County School Department contributed \$185,773 to the primary government's Rural Debt Service Fund for the retirement of debt issued for school purposes.

Compensated absences will be paid from the employing funds, primarily the General, Ambulance Service, and the Highway/Public Works funds.

Defeasance of Prior Debt

In a previous year, Scott County defeased an outstanding zero-interest loan agreement. This agreement has one balloon principal payment of \$4,359,914 due on November 1, 2011. The proceeds of the refunding bonds were placed into an irrevocable trust to provide for the future debt service payment on the old loan agreement. Accordingly, the trust account and the defeased loan agreement are not included in the county's financial statements. Since the full amount of the principal requirement on the refunded debt has been placed into the trust account, Scott County is entitled to the income generated by this trust account. Scott County and the discretely presented School Department have recognized \$493,773 as income since the creation of the trust account.

Public Utility Fund and the Solid Waste Disposal Fund (enterprise funds)

The annual requirements for all enterprise funds outstanding bonds and notes at June 30, 2008, including interest payments, are as follows:

Year Ending June 30	Public Utility Fund		
	Bonds		
	Principal	Interest	Total
2009	\$ 12,881	\$ 29,019	\$ 41,900
2010	17,991	28,644	46,635
2011	18,120	28,065	46,185
2012	18,241	27,480	45,721
2013	23,410	26,829	50,239
2014-2018	124,322	121,148	245,470
2019-2023	153,888	93,237	247,125
2024-2028	164,522	54,434	218,956
2029-2033	36,520	31,279	67,799
2034-2038	45,138	22,662	67,800
2039-2043	55,805	11,995	67,800
2044-2046	27,084	1,270	28,354
Total	\$ 697,922	\$ 476,062	\$ 1,173,984

Year Ending June 30	Solid Waste Disposal Fund		
	Notes		
	Principal	Interest	Total
2009	\$ 7,667	\$ 1,708	\$ 9,375
2010	1,665	1,328	2,993
Total	\$ 9,332	\$ 3,036	\$ 12,368

Changes in Long-term Liabilities

Long-term liability activity for the enterprise funds for the year ended June 30, 2008, was as follows:

Business Type Activities:

	Solid Waste Disposal Fund		
	Public Utility Fund	Notes	Landfill Closure/ Postclosure Care Costs
	Bonds		
Balance, July 1, 2007	\$ 455,000	\$ 46,999	\$ 709,673
Additions	255,000	0	0
Deductions	(12,078)	(7,667)	(139,673)
Balance, June 30, 2008	\$ 697,922	\$ 39,332	\$ 570,000

	<u>Solid Waste Disposal Fund</u>		
	<u>Public Utility Fund</u>	Notes	<u>Landfill Closure/ Postclosure Care Costs</u>
	Bonds		
Current Portion	\$ 12,881	\$ 7,667	\$ 19,000
Long-term Portion	685,041	31,665	551,000
Total	\$ 697,922	\$ 39,332	\$ 570,000

The outstanding bonds are payable from the Public Utility Fund and include two issues: Refunding Bonds issued October 21, 2003 (\$445,000) and Sewer Revenue and Tax Bonds issued September 28, 2007 (\$252,922). The refunding bonds have interest rates ranging from 1.1 to 4.7 percent with the last payment due on June 1, 2027. The revenue and tax bonds have an interest rate of 4.25 percent with the last payment due August 28, 2045.

The outstanding note is payable from the Solid Waste Disposal Fund and carries an interest rate of 3.05 percent.

Discretely Presented Scott County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Scott County School Department for the year ended June 30, 2008, was as follows:

Governmental Activities:

	<u>Other Post- Employment Benefits</u>	<u>Capital Leases</u>
Balance, July 1, 2007	\$ 0	\$ 0
Additions	508,000	2,442,680
Deductions	(120,044)	0
Balance, June 30, 2008	\$ 387,956	\$ 2,442,680
Balance Due Within One Year	\$ 0	\$ 25,225

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 2,830,636
Less: Balance Due Within One Year	<u>(25,225)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,805,411</u>

The other postemployment benefits liability is the amount that the School Department recorded in complying with provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. For further information on this statement see footnote V.B.

H. On-Behalf Payments – Discretely Presented Scott County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Scott County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$74,471 and \$15,250, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Scott County and the discretely presented Scott County School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

Section 8-27-303, TCA, provides for the LEGF to be self-sustaining through member premiums.

It is the policy of the Scott County general government to purchase commercial insurance for employee health insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, the Scott County School Department had recognized only the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition. GASB Statement No. 45 had no effect on the financial statements of the primary government for the year ended June 30, 2008, since the county does not currently provide any postemployment benefits to its employees. However, it is reasonably expected that Scott County may provide OPEB benefits in subsequent years.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Scott County. GASB Statement No. 48 had no effect on the financial statements of Scott County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Scott County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Scott County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Events

On September 25, 2008, the county issued a three-year capital outlay note totaling \$106,618 to provide funds for the purchase of law enforcement vehicles and equipment.

On January 9, 2009, the county issued a three-year capital outlay note totaling \$200,000 to provide funds to purchase asphalt.

On March 3, 2009, the county issued a three-year capital outlay note totaling \$662,204 to provide funds for school improvements at Robbins and Burchfield Elementary schools.

On March 9, 2009, the county entered into an option agreement to purchase real estate adjoining the Burchfield Elementary School property. The agreement granted the county, for a period of 270 days, the option to purchase the property for \$200,000. The option calls for an initial payment of \$25,000, which will be applied to the purchase price in the event the county chooses to purchase the land.

On April 6, 2009, the Scott County Commission amended the agreement pertaining to the hospital lease (See Note IV.E.). The term of the agreement was extended until January 31, 2024, with the lessee having an option to renew for an additional five-year period. The lessee retains the right to terminate the agreement without cause by providing a two-year advance notice. The county permanently waived the lessee's obligation to pay rent for the remainder of the term, effective June 1, 2009. In-lieu-of monthly rent, the lessee is to make capital improvements as the lessee deems appropriate. The lessee is to file a five-year plan of improvements with the county prior to October 1, 2010, and is to report actual capital improvements made on a calendar year basis.

D. Change in Administration

On July 1, 2007, Mike Davis left the Office of Director of Schools and was succeeded by Sharon Wilson.

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:

1. 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.
2. A case was filed in Scott County Chancery Court on July 31, 2008, seeking damages of not less than \$200,000. The plaintiff alleges that Scott County is in breach of contract by failing to reclaim the plaintiff's property as agreed to in a lease agreement executed by the plaintiff and the county in 1989. The complaint also alleges a breach of an oral contract against the county by failing to pay lease payments to the plaintiff for use of his property. Potential exposure to the county in this case is over \$10,000.
3. 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.
 - a. A lawsuit was filed in U.S. District Court seeking damages not to exceed \$10 million 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. This case was settled with all federal law claims against Scott County being dismissed on summary judgment motions. However, state law claims against the county were remanded back to the Scott County Circuit Court. Potential exposure to the county in this case is over \$10,000.
 - b. A lawsuit seeking compensatory damages of \$2.5 million 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.
 - c. A case filed in U.S. District Court by an individual claiming violation of her civil rights through false arrest and malicious prosecution from a former Scott County deputy. Potential exposure exceeds \$10,000.

- d. A case filed in Scott County Chancery Court on June 22, 2008, by an individual who alleges that Scott County, through the Scott County Road Department, over time has repositioned, expanded, and changed the flow of water run-off causing damage to the plaintiff's adjoining property. Potential exposure exceeds \$10,000.
- e. A case filed in U.S. District Court on December 31, 2008, from a former Sheriff's Department employee alleging that the county is in violation of the Fair Labor Standards Act as it relates to the compensation of K-9 officers. Potential exposure exceeds \$10,000.
- f. A case filed in U.S. District Court on March 11, 2009, alleging that an inmate of the Scott County jail in March 2008 was denied necessary prescribed medication causing various complications and permanent vision loss. The complaint seeks \$9 million in compensatory damages and an additional \$9 million in punitive damages. 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 \$570,000 for landfill postclosure care at June 30, 2008. This amount is based on estimates of what it would have cost to perform all postclosure care in 2008. 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 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 the 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 operation 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, 2008, 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:

Administrative Offices:

Office of the District Attorney General
Eighth Judicial District
P.O. Box 10
Huntsville, TN 37756

H. Jointly Governed Organization

The Northeast Tennessee Railroad Authority is jointly operated by Scott County in conjunction with Anderson and Campbell counties. The authority's board consists of the county mayor of each county and one member selected by the governing body of each county; however, counties do not have any ongoing financial interest or responsibility for the entity. Scott County did not contribute to the operations of the Northeast Tennessee Railroad authority during the year ended June 30, 2008.

I. Retirement Commitments

Employees

Plan Description

Employees of Scott County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters

34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as 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 <http://www.tn.gov/treasury/tcrs>.

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, 2008, was 5.33 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 ending June 30, 2008, Scott County's annual pension cost of \$372,462 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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 postretirement 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$372,462	100%	\$0
6-30-07	347,120	100	0
6-30-06	71,718	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 96.21 percent funded. The actuarial accrued liability for benefits was \$17.51 million, and the actuarial value of assets was \$16.84 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.67 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.95 million, and the ratio of the UAAL to the covered payroll was 11.13 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

School Teachers

Plan Description

The 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs>.

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, 2008, was 6.24 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, 2008, 2007, and 2006, were \$637,969, \$594,307, and \$513,691, respectively, equal to the required contributions for each year.

J. Other Postemployment Benefits (OPEB)

Plan Description

The Scott County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA). Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plan is reported in the State of Tennessee

Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for teachers ranges from ten to 48 percent based on the years of service and type of coverage. During the year ended June 30, 2008, the discretely presented Scott County School Department contributed \$120,044 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 508,000
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<hr/> \$ 508,000
Amount of contribution	(120,044)
Increase/decrease in NPO	\$ 387,956
Net OPEB obligation, 7-1-07	<hr/> 0
Net OPEB obligation, 6-30-08	<hr/> <hr/> \$ 387,956

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-08	Local Education Group	\$ 508,000	24%	\$ 387,956

* Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 4,363,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,363,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 9,911,129
UAAL as a % of covered payroll	44%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

K. Office of Central Accounting

Scott County operates under provisions of the County Financial Management System of 1981. This act creates a Financial Management Committee and provides for a director of finance to administer a central system of accounting, budgeting, and purchasing for all 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.

L. Purchasing Law

Purchasing procedures are governed by provisions of the County Financial Management System of 1981, which provides 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.

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

A. Summary of Significant Accounting Policies

1. The Financial Reporting Entity

The Scott County Emergency Communications District was formed under Tennessee Code Annotated, Title 7, Section 86, Emergency Communications District Law. The district is a component unit of Scott County, Tennessee. Because the district is legally separate, the County Commission appoints the members of the board of directors of the district, and the County Commission can impose its will by changing the telephone surcharge rate and by their approval of debt.

2. Method of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the district, the reporting entity. Revenues are recorded when earned and expenses when incurred, regardless of the timing of related cash flows.

3. Income Taxes

The district is exempt from federal income taxes because of its creation by the Scott County government.

4. Revenue

Operating revenues come primarily from Highland Telephone Cooperative's authorization to charge residents \$.65 and businesses \$2 per month. As of June 30, 2008, the district had 7,667 residential customers and 2,400 business customers. Wireless communications income is from a share of state collected revenues from cell phone usage based upon population. All other revenues and expenses are reported as nonoperating revenues and expenses.

5. Cash

The organization treats as cash: checking account balances, savings accounts, certificates of deposit with original maturities of less than three months, and cash on hand.

6. Cash Management

Cash temporarily idle during the year was invested in a savings account and certificates of deposit. The certificates of deposit have maturities of 12 months. The district earned \$22,777 on all investments for the year ended June 30, 2008.

7. Deposits and Investments

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure the debt of these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect these accounts that are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purpose of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the entity. Scott County Emergency Communications District has an agreement with one bank for balances above Federal Deposit Insurance Corporation (FDIC) limits. However, the district has three additional bank accounts not

collateralized above the FDIC insurance limit. The uncollateralized amount is all interest income.

The carrying amount of the district's deposits was \$685,927, and the bank balance was \$692,538. Of that amount, \$682,615 was insured, and the remainder was not collateralized above the FDIC insurance limit.

8. Compensated Absences

It is the district's policy to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since the district does not have a policy to pay any amount when employees separate from service with the district. Accumulated vacation pay is reported as an expenditure and a liability of the fund when material and accumulated.

9. Capital Assets

The district defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. The straight-line method of depreciation is used to calculate depreciation over a five-year period. Depreciation expense for the current year was \$23,003. Although mapping expenses have a useful life of more than one year, the life is very difficult to measure. Mapping expenses, therefore, are treated as expenses as incurred.

Capital Assets

	Balances			Balance
	7-1-07	Additions	Dispositions	6-30-08
Equipment:				
Office Equipment	\$ 11,771	\$ 0	\$ (1,500)	\$ 10,271
Communication Equipment	330,193	0	0	330,193
Vehicles	24,500	0	0	24,500
Total Equipment	\$ 366,464	\$ 0	\$ (1,500)	\$ 364,964
Accumulated Depreciation:				
Office Equipment	\$ (8,275)	\$ (777)	\$ 1,500	\$ (7,552)
Communication Equipment	(241,793)	(18,726)	0	(260,519)
Vehicles	(9,917)	(3,500)	0	(13,417)
Total Accumulated Depreciation	\$ (259,985)	\$ (23,003)	\$ 1,500	\$ (281,488)
Net Investment in Capital Assets	\$ 106,479	\$ (23,003)	\$ 0	\$ 83,476

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reporting amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Risk Management

The district is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The district has obtained commercial insurance to manage these risks. Management does not believe any claims will exceed the insurance amount. Software coverage is \$250,000; auto coverage includes collision and comprehensive coverage with deductibles of \$250 and \$500, respectively, and general liability of \$2 million each occurrence and \$5 million aggregate with \$5,000 medical payments. The settlements have not exceeded insurance amounts in the past three years.

12. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. On or before May 31 of each year, the proposed budget is prepared and presented to the board for review. The board adopts the budget and amends the budget throughout the year as needed.

B. Officers and Employees Bonds

The district maintains an insurance policy against officers and employee forgery or alteration as required by Tennessee Code Annotated, Section 7-86-119, with policy limits of \$12,500; theft of money and securities with policy limits of \$100,000; employee dishonesty with a policy limit of \$250,000; and counterfeit United States or Canadian paper currency with a policy limit of \$100,000.

C. Accounting Standards

The district has adopted all applicable pronouncements of the Governmental Accounting Standards Board and has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

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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 and Budget
General Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,221,226	\$ 2,114,369	\$ 2,169,991	\$ 51,235
Licenses and Permits	20,493	19,800	20,674	(181)
Fines, Forfeitures, and Penalties	149,736	130,650	132,199	17,537
Charges for Current Services	412,709	333,500	365,484	47,225
Other Local Revenues	867,420	1,034,285	858,377	9,043
Fees Received from County Officials	851,185	777,000	805,263	45,922
State of Tennessee	1,197,455	1,135,130	1,193,753	3,702
Federal Government	327,775	246,407	370,901	(43,126)
Total Revenues	\$ 6,047,999	\$ 5,791,141	\$ 5,916,642	\$ 131,357
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 214,743	\$ 152,774	\$ 219,496	\$ 4,753
County Mayor/Executive	155,692	182,784	158,974	3,282
County Attorney	54,471	54,471	54,471	0
Election Commission	158,564	179,390	173,414	14,850
Register of Deeds	140,226	143,141	142,641	2,415
Development	193,969	193,290	193,981	12
County Buildings	297,828	256,379	302,402	4,574
<u>Finance</u>				
Accounting and Budgeting	231,021	228,519	231,471	450
Property Assessor's Office	165,728	161,725	166,278	550
County Trustee's Office	131,550	132,270	132,270	720
County Clerk's Office	186,990	194,134	190,491	3,501
<u>Administration of Justice</u>				
Circuit Court	184,614	188,719	188,719	4,105
General Sessions Court	277,849	265,371	278,853	1,004
Chancery Court	113,793	115,201	114,901	1,108
District Attorney General	80,138	40,000	80,020	(118)
<u>Public Safety</u>				
Sheriff's Department	1,343,659	1,164,581	1,353,824	10,165
Special Patrols	68,665	79,652	69,386	721
Drug Enforcement	24,015	32,879	24,030	15
Jail	824,008	830,370	834,696	10,688
Juvenile Services	287,822	268,774	291,302	3,480
Fire Prevention and Control	2,000	2,000	2,000	0
Civil Defense	60,644	27,418	60,793	149
Rescue Squad	10,000	10,000	10,000	0
County Coroner/Medical Examiner	5,961	6,000	6,000	39
<u>Public Health and Welfare</u>				
Local Health Center	48,326	49,399	49,399	1,073
Other Local Health Services	149,189	179,200	179,200	30,011
General Welfare Assistance	2,547	2,250	2,547	0

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Other Local Welfare Services	\$ 61	\$ 244	\$ 244	\$ 183
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	57,410	50,574	59,901	2,491
Libraries	49,804	46,898	50,598	794
Other Social, Cultural, and Recreational	26,518	27,080	27,080	562
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	26,696	33,356	33,356	6,660
<u>Other Operations</u>				
Tourism	53,000	53,000	53,000	0
Other Economic and Community Development	45,193	49,578	45,195	2
Airport	410,380	344,329	413,133	2,753
Veterans' Services	35,551	35,694	35,694	143
Contributions to Other Agencies	127,490	90,600	131,726	4,236
Miscellaneous	282,879	317,632	288,298	5,419
<u>Highways</u>				
Highway and Bridge Maintenance	235	235	235	0
<u>Instruction</u>				
Vocational Education Program	0	10,000	0	0
<u>Support Services</u>				
Central and Other	90,000	0	90,000	0
Total Expenditures	\$ 6,619,229	\$ 6,199,911	\$ 6,740,019	\$ 120,790
Excess (Deficiency) of Revenues Over Expenditures	\$ (571,230)	\$ (408,770)	\$ (823,377)	\$ 252,147
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 106,618	\$ (106,618)
Insurance Recovery	26,515	0	0	26,515
Transfers In	500,000	500,000	500,000	0
Transfers Out	(386,944)	(761,000)	(671,000)	284,056
Total Other Financing Sources (Uses)	\$ 139,571	\$ (261,000)	\$ (64,382)	\$ 203,953
Net Change in Fund Balance	\$ (431,659)	\$ (669,770)	\$ (887,759)	\$ 456,100
Fund Balance, July 1, 2007	2,605,655	2,674,292	2,674,292	(68,637)
Fund Balance, June 30, 2008	\$ 2,173,996	\$ 2,004,522	\$ 1,786,533	\$ 387,463

Exhibit F-2

Scott County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Ambulance Service Fund
 For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 2,447,466	0	\$ 2,447,466	\$ 2,233,771	\$ 2,233,771	\$ 213,695
Other Local Revenues	2,568	0	2,568	650	2,190	378
Total Revenues	\$ 2,450,034	0	\$ 2,450,034	\$ 2,234,421	\$ 2,235,961	\$ 214,073
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	\$ 1,929,648	(26,417)	\$ 1,903,231	\$ 1,741,031	\$ 1,958,014	\$ 54,783
Total Expenditures	\$ 1,929,648	(26,417)	\$ 1,903,231	\$ 1,741,031	\$ 1,958,014	\$ 54,783
<u>Excess (Deficiency) of Revenues Over Expenditures</u>						
	\$ 520,386	26,417	\$ 546,803	\$ 493,390	\$ 277,947	\$ 268,856
<u>Other Financing Sources (Uses)</u>						
Transfers In	0	0	0	0	376	(376)
Transfers Out	(500,000)	0	(500,000)	(500,000)	(500,000)	0
Total Other Financing Sources (Uses)	\$ (500,000)	0	\$ (500,000)	\$ (500,000)	\$ (499,624)	(376)
<u>Net Change in Fund Balance Fund Balance, July 1, 2007</u>						
	\$ 20,386	26,417	\$ 46,803	\$ (6,610)	\$ (221,677)	\$ 268,480
	254,986	(26,417)	228,569	291,696	291,696	(63,127)
<u>Fund Balance, June 30, 2008</u>						
	\$ 275,372	0	\$ 275,372	\$ 285,086	\$ 70,019	\$ 205,353

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 235	\$ 234	\$ 234	\$ 1
Other Local Revenues	52,071	3,354	51,620	451
State of Tennessee	1,883,325	2,024,655	2,029,954	(146,629)
Total Revenues	\$ 1,935,631	\$ 2,028,243	\$ 2,081,808	\$ (146,177)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 101,452	\$ 98,254	\$ 100,850	\$ (602)
Highway and Bridge Maintenance	1,234,932	903,800	1,310,400	75,468
Operation and Maintenance of Equipment	343,229	311,500	355,300	12,071
Other Charges	63,713	62,502	66,852	3,139
Employee Benefits	112,266	126,697	119,697	7,431
Capital Outlay	55,333	300,000	352,834	297,501
<u>Principal on Debt</u>				
Highways and Streets	178,759	187,605	187,609	8,850
<u>Interest on Debt</u>				
Highways and Streets	42,138	35,585	44,810	2,672
Total Expenditures	\$ 2,131,822	\$ 2,025,943	\$ 2,538,352	\$ 406,530
Excess (Deficiency) of Revenues Over Expenditures	\$ (196,191)	\$ 2,300	\$ (456,544)	\$ 260,353
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 300,000	\$ 0	\$ 300,000	\$ 0
Transfers Out	(14,032)	0	(14,032)	0
Total Other Financing Sources (Uses)	\$ 285,968	\$ 0	\$ 285,968	\$ 0
Net Change in Fund Balance	\$ 89,777	\$ 2,300	\$ (170,576)	\$ 260,353
Fund Balance, July 1, 2007	305,223	260,631	260,631	44,592
Fund Balance, June 30, 2008	\$ 395,000	\$ 262,931	\$ 90,055	\$ 304,945

Exhibit F-4

Scott County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 16,847	\$ 17,510	663	96.21 %	\$ 5,955	11.13 %

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

Exhibit F-5

Scott County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Scott County School Department
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 0	\$ 4,363	\$ 4,363	0%	\$ 9,911	44.02%

Local Education Group

*Data not available for two preceding years.

SCOTT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

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 Scott 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 County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

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Nonmajor Governmental Funds

Special Revenue Funds

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.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions associated with the operations of the county’s convenience centers.

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

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

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 line additions and improvements.

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for the activities related to the construction of airport improvements and transactions related to the boys' and girls' club facility.

Exhibit G-1

Scott County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Community Development/ Industrial Park	Education Capital Projects	Other Capital Projects	Total	
\$	0	0	0	500	0	0	0	0	500
Equity in Pooled Cash and Investments	20,860	3,636	171,203	0	0	222,095	0	222,095	417,794
Accounts Receivable	0	0	50	493	0	0	0	0	543
Due from Other Governments	29,538	0	10,791	0	0	0	4,837	4,837	45,166
Due from Other Funds	64,000	0	0	0	81,890	0	0	81,890	145,890
Total Assets	\$ 114,398	\$ 3,636	\$ 182,044	\$ 993	\$ 301,071	\$ 222,095	\$ 4,837	\$ 308,822	\$ 609,893

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Due from Other Funds
 Total Assets

LIABILITIES AND FUND BALANCES

\$	1,761	0	7,657	0	0	0	0	0	0	9,418
Accounts Payable	1,405	0	938	0	0	0	0	0	0	2,343
Accrued Payroll	30,000	0	0	993	30,993	76,032	7,774	106,385	137,378	
Due to Other Funds	\$ 33,166	\$ 0	\$ 8,595	\$ 993	\$ 42,754	\$ 76,032	\$ 7,774	\$ 106,385	\$ 149,139	
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 212,974	\$ 212,974	
Fund Balances	0	0	0	0	0	35,000	0	35,000	35,000	
Reserved for Encumbrances	81,232	3,636	173,449	0	258,317	(29,142)	(2,937)	(45,537)	212,780	
Other Federal Reserves	\$ 81,232	\$ 3,636	\$ 173,449	\$ 0	\$ 258,317	\$ 5,858	\$ (2,937)	\$ 202,437	\$ 460,754	
Unreserved (Deficit)										
Total Fund Balances	\$ 114,398	\$ 3,636	\$ 182,044	\$ 993	\$ 301,071	\$ 81,890	\$ 4,837	\$ 308,822	\$ 609,893	
Total Liabilities and Fund Balances										

Scott County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees		
Revenues						
Fines, Forfeitures, and Penalties Charges for Current Services	\$ 0	\$ 20,954	\$ 131,462	\$ 0	\$ 0	\$ 152,416
Other Local Revenues	802	0	0	7,842	8,644	
State of Tennessee	7,800	1,390	1,946	0	0	11,136
Federal Government	54,898	0	0	0	0	54,898
Total Revenues	\$ 63,500	\$ 22,344	\$ 133,408	\$ 7,842	\$ 0	\$ 227,094
Expenditures						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 100	\$ 100	
Administration of Justice	0	0	98,733	7,742	106,475	
Public Health and Welfare	139,748	0	0	0	139,748	
Other Operations	0	20,799	0	0	20,799	
Highways	14,897	0	0	0	14,897	
Debt Service:						
Other Debt Service	0	0	0	0	0	
Capital Projects	0	0	0	0	0	
Capital Projects - Donated	0	0	0	0	0	
Total Expenditures	\$ 154,645	\$ 20,799	\$ 98,733	\$ 7,842	\$ 282,019	
Excess (Deficiency) of Revenues Over Expenditures	\$ (91,145)	\$ 1,545	\$ 34,675	\$ 0	\$ (54,925)	
Other Financing Sources (Uses)						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Notes Issued	0	0	0	0	0	
Premiums on Debt Issued	0	0	0	0	0	
Transfers In	120,000	0	0	0	0	120,000
Total Other Financing Sources (Uses)	\$ 120,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 120,000
Net Change in Fund Balances	\$ 28,855	\$ 1,545	\$ 34,675	\$ 0	\$ 65,075	
Fund Balance, July 1, 2007	52,377	2,091	138,774	0	193,242	
Fund Balance, June 30, 2008	\$ 81,232	\$ 3,636	\$ 173,449	\$ 0	\$ 258,317	

(Continued)

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Education Capital Projects	Other Capital Projects	Total	
Revenues					
Fines, Forfeitures, and Penalties	\$ 0 \$	0 \$	0 \$	0 \$	152,416
Charges for Current Services	0	0	0	0	8,644
Other Local Revenues	0	0	7,486	7,486	18,622
State of Tennessee	111,988	0	0	111,988	166,886
Federal Government	78,198	0	142,326	220,524	220,524
Total Revenues	\$ 190,186 \$	0 \$	149,812 \$	339,998 \$	567,092
Expenditures					
Current:					
Finance	0 \$	0 \$	0 \$	0 \$	100
Administration of Justice	0	0	0	0	106,475
Public Health and Welfare	0	0	0	0	139,748
Other Operations	0	0	0	0	20,799
Highways	0	0	0	0	14,897
Debt Service:					
Other Debt Service	0	0	51,279	51,279	51,279
Capital Projects	0	0	116,979	116,979	116,979
Capital Projects - Donated	0	121,751	0	121,751	121,751
Total Expenditures	\$ 0 \$	121,751 \$	168,258 \$	290,009 \$	572,028
Excess (Deficiency) of Revenues Over Expenditures	\$ 190,186 \$	(121,751) \$	(18,446) \$	49,989 \$	(4,936)
Other Financing Sources (Uses)					
Bonds Issued	0 \$	0 \$	1,250,000 \$	1,250,000 \$	1,250,000
Notes Issued	0	245,570	0	245,570	245,570
Premiums on Debt Issued	0	0	12,454	12,454	12,454
Transfers In	0	0	150,000	150,000	270,000
Total Other Financing Sources (Uses)	\$ 0 \$	245,570 \$	1,412,454 \$	1,658,024 \$	1,778,024
Net Change in Fund Balances Fund Balance, July 1, 2007	\$ 190,186 \$	123,819 \$	1,394,008 \$	1,708,013 \$	1,773,088
	(184,328)	75,697	(1,396,945)	(1,505,576)	(1,312,334)
Fund Balance, June 30, 2008	\$ 5,858 \$	199,516 \$	(2,937) \$	202,437 \$	460,754

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 802	\$ 1,500	\$ 1,500	\$ (698)
Other Local Revenues	7,800	4,000	6,377	1,423
State of Tennessee	54,898	39,000	39,000	15,898
Total Revenues	<u>\$ 63,500</u>	<u>\$ 44,500</u>	<u>\$ 46,877</u>	<u>\$ 16,623</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Recycling Center	\$ 139,748	\$ 136,657	\$ 142,800	\$ 3,052
<u>Highways</u>				
Litter and Trash Collection	14,897	10,000	14,600	(297)
Total Expenditures	<u>\$ 154,645</u>	<u>\$ 146,657</u>	<u>\$ 157,400</u>	<u>\$ 2,755</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (91,145)</u>	<u>\$ (102,157)</u>	<u>\$ (110,523)</u>	<u>\$ 19,378</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 120,000	\$ 94,600	\$ 95,000	\$ 25,000
Total Other Financing Sources (Uses)	<u>\$ 120,000</u>	<u>\$ 94,600</u>	<u>\$ 95,000</u>	<u>\$ 25,000</u>
Net Change in Fund Balance	\$ 28,855	\$ (7,557)	\$ (15,523)	\$ 44,378
Fund Balance, July 1, 2007	52,377	50,463	50,463	1,914
Fund Balance, June 30, 2008	<u>\$ 81,232</u>	<u>\$ 42,906</u>	<u>\$ 34,940</u>	<u>\$ 46,292</u>

Exhibit G-4

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 20,954	\$ 38,500	\$ 38,500	\$ (17,546)
Other Local Revenues	1,390	1,000	1,345	45
Total Revenues	<u>\$ 22,344</u>	<u>\$ 39,500</u>	<u>\$ 39,845</u>	<u>\$ (17,501)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 20,799	\$ 36,700	\$ 38,045	\$ 17,246
Total Expenditures	<u>\$ 20,799</u>	<u>\$ 36,700</u>	<u>\$ 38,045</u>	<u>\$ 17,246</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,545</u>	<u>\$ 2,800</u>	<u>\$ 1,800</u>	<u>\$ (255)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 1,000	\$ (1,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ (1,000)</u>
Net Change in Fund Balance	\$ 1,545	\$ 2,800	\$ 2,800	\$ (1,255)
Fund Balance, July 1, 2007	<u>2,091</u>	<u>2,692</u>	<u>2,692</u>	<u>(601)</u>
Fund Balance, June 30, 2008	<u>\$ 3,636</u>	<u>\$ 5,492</u>	<u>\$ 5,492</u>	<u>\$ (1,856)</u>

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Major Governmental Funds

Debt Service Funds

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.

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

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

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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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 900,950	\$ 878,276	\$ 878,276	\$ 22,674
Licenses and Permits	822	600	600	222
Other Local Revenues	89,870	89,000	89,000	870
Total Revenues	<u>\$ 991,642</u>	<u>\$ 967,876</u>	<u>\$ 967,876</u>	<u>\$ 23,766</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 823,220	\$ 837,519	\$ 830,888	\$ 7,668
<u>Interest on Debt</u>				
General Government	358,829	769,916	747,977	389,148
<u>Other Debt Service</u>				
General Government	30,223	44,000	44,000	13,777
Total Expenditures	<u>\$ 1,212,272</u>	<u>\$ 1,651,435</u>	<u>\$ 1,622,865</u>	<u>\$ 410,593</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (220,630)</u>	<u>\$ (683,559)</u>	<u>\$ (654,989)</u>	<u>\$ 434,359</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 369,323	\$ 671,000	\$ 671,000	\$ (301,677)
Transfers Out	(178,570)	0	(178,570)	0
Total Other Financing Sources (Uses)	<u>\$ 190,753</u>	<u>\$ 671,000</u>	<u>\$ 492,430</u>	<u>\$ (301,677)</u>
Net Change in Fund Balance	\$ (29,877)	\$ (12,559)	\$ (162,559)	\$ 132,682
Fund Balance, July 1, 2007	252,089	252,090	252,090	(1)
Fund Balance, June 30, 2008	<u>\$ 222,212</u>	<u>\$ 239,531</u>	<u>\$ 89,531</u>	<u>\$ 132,681</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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,174,371	\$ 1,190,960	\$ 1,190,960	\$ (16,589)
Other Local Revenues	228,264	177,220	177,220	51,044
Other Governments and Citizens Groups	185,773	185,773	185,773	0
Total Revenues	<u>\$ 1,588,408</u>	<u>\$ 1,553,953</u>	<u>\$ 1,553,953</u>	<u>\$ 34,455</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 886,645	\$ 903,257	\$ 903,257	\$ 16,612
<u>Interest on Debt</u>				
Education	573,789	628,033	628,033	54,244
<u>Other Debt Service</u>				
Education	26,350	30,000	30,000	3,650
Total Expenditures	<u>\$ 1,486,784</u>	<u>\$ 1,561,290</u>	<u>\$ 1,561,290</u>	<u>\$ 74,506</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 101,624</u>	<u>\$ (7,337)</u>	<u>\$ (7,337)</u>	<u>\$ 108,961</u>
Net Change in Fund Balance	\$ 101,624	\$ (7,337)	\$ (7,337)	\$ 108,961
Fund Balance, July 1, 2007	<u>79,171</u>	<u>159,185</u>	<u>159,185</u>	<u>(80,014)</u>
Fund Balance, June 30, 2008	<u>\$ 180,795</u>	<u>\$ 151,848</u>	<u>\$ 151,848</u>	<u>\$ 28,947</u>

Fiduciary Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated 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 school 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 capacity for the Eighth Judicial District Drug Task Force.

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Exhibit I-1

Scott County, Tennessee
Combining Statements of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	Agency Funds						Total
	Cities - Sales Tax	Special School District	City School ADA - Oneida	Constitu- tional Officers - Agency	Judicial District Drug		
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 556,659	\$ 0	\$ 0	\$ 556,659
Equity in Pooled Cash and Investments	0	6,944	59,040	0	140,236	0	206,220
Due from Other Governments	263,875	0	130,648	0	25,349	0	419,872
Property Taxes Receivable	0	499,335	959,330	0	0	0	1,458,665
Allowance for Uncollectible Property Taxes	0	(20,713)	(35,356)	0	0	0	(56,069)
Total Assets	\$ 263,875	\$ 485,566	\$ 1,113,662	\$ 556,659	\$ 165,585	\$ 0	\$ 2,585,347
LIABILITIES							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,467	\$ 0	\$ 42,467
Due to Other Taxing Units	263,875	485,566	1,113,662	0	0	0	1,863,103
Due to Litigants, Heirs, and Others	0	0	0	556,659	0	0	556,659
Due to Joint Venture	0	0	0	0	123,118	0	123,118
Total Liabilities	\$ 263,875	\$ 485,566	\$ 1,113,662	\$ 556,659	\$ 165,585	\$ 0	\$ 2,585,347

Exhibit I-2

Scott County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,481,015	\$ 1,481,015	\$ 0
Due from Other Governments	262,155	263,875	262,155	263,875
Total Assets	\$ 262,155	\$ 1,744,890	\$ 1,743,170	\$ 263,875
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 262,155	\$ 1,744,890	\$ 1,743,170	\$ 263,875
Total Liabilities	\$ 262,155	\$ 1,744,890	\$ 1,743,170	\$ 263,875
<u>Special School District</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,467	\$ 388,855	\$ 384,378	\$ 6,944
Property Taxes Receivable	828,247	499,335	828,247	499,335
Allowance for Uncollectible Taxes	(36,881)	(20,713)	(36,881)	(20,713)
Total Assets	\$ 793,833	\$ 867,477	\$ 1,175,744	\$ 485,566
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 793,833	\$ 867,477	\$ 1,175,744	\$ 485,566
Total Liabilities	\$ 793,833	\$ 867,477	\$ 1,175,744	\$ 485,566
<u>City School ADA - Oneida Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 51,443	\$ 1,456,544	\$ 1,448,947	\$ 59,040
Due from Other Governments	107,404	130,648	107,404	130,648
Property Taxes Receivable	1,117,990	959,330	1,117,990	959,330
Allowance for Uncollectible Taxes	(51,733)	(35,356)	(51,733)	(35,356)
Total Assets	\$ 1,225,104	\$ 2,511,166	\$ 2,622,608	\$ 1,113,662
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,225,104	\$ 2,511,166	\$ 2,622,608	\$ 1,113,662
Total Liabilities	\$ 1,225,104	\$ 2,511,166	\$ 2,622,608	\$ 1,113,662
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 568,409	\$ 4,272,458	\$ 4,284,208	\$ 556,659
Total Assets	\$ 568,409	\$ 4,272,458	\$ 4,284,208	\$ 556,659

(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	\$ 568,409	\$ 4,272,458	\$ 4,284,208	\$ 556,659
Total Liabilities	\$ 568,409	\$ 4,272,458	\$ 4,284,208	\$ 556,659
<u>Judicial District Drug</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 28,945	\$ 313,452	\$ 202,161	\$ 140,236
Accounts Receivable	5,244	0	5,244	0
Due from Other Governments	0	25,349	0	25,349
Total Assets	\$ 34,189	\$ 338,801	\$ 207,405	\$ 165,585
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 42,467	\$ 0	\$ 42,467
Due to Joint Venture	34,189	296,334	207,405	123,118
Total Liabilities	\$ 34,189	\$ 338,801	\$ 207,405	\$ 165,585
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 568,409	\$ 4,272,458	\$ 4,284,208	\$ 556,659
Equity in Pooled Cash and Investments	82,855	3,639,866	3,516,501	206,220
Account Receivables	5,244	0	5,244	0
Due from Other Governments	369,559	419,872	369,559	419,872
Property Taxes Receivable	1,946,237	1,458,665	1,946,237	1,458,665
Allowance for Uncollectible Taxes	(88,614)	(56,069)	(88,614)	(56,069)
Total Assets	\$ 2,883,690	\$ 9,734,792	\$ 10,033,135	\$ 2,585,347
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 42,467	\$ 0	\$ 42,467
Due to Other Taxing Units	2,281,092	5,123,533	5,541,522	1,863,103
Due to Litigants, Heirs, and Others	568,409	4,272,458	4,284,208	556,659
Due to Joint Venture	34,189	296,334	207,405	123,118
Total Liabilities	\$ 2,883,690	\$ 9,734,792	\$ 10,033,135	\$ 2,585,347

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Scott County School Department

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.

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.

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Exhibit J-1

Scott County, Tennessee
Statement of Activities
Discretely Presented Scott County School Department
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Charges for Services	Capital		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Grants and Contributions		Total Governmental Activities		
Governmental Activities:							
Instruction	\$ 12,854,821	\$ 44,658	\$ 1,668,056	\$ 0	\$ 0	\$ (11,142,107)	
Support Services	6,613,874	0	417,997	50,000		(6,145,877)	
Operation of Non-Instructional Services	2,275,015	285,864	1,987,433	0		(1,718)	
Other Debt Service	185,773	0	0	0		(185,773)	
Total Governmental Activities	\$ 21,929,483	\$ 330,522	\$ 4,073,486	\$ 50,000	\$ (17,475,475)		
General Revenues:							
Property Taxes Levied for General Purposes						\$ 1,926,426	
Local Option Sales Taxes						1,229,578	
Other Local Taxes						25,433	
Grants and Contributions Not Restricted to Specific Programs						14,299,850	
Miscellaneous						17,343	
Total General Revenues						\$ 17,498,630	
Change in Net Assets						\$ 23,155	
Net Assets, July 1, 2007						16,578,418	
Net Assets, June 30, 2008						\$ 16,601,573	

Exhibit J-2

Scott County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Scott County School Department
June 30, 2008

	Major Funds			Total Govern- mental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>				
Cash	\$ 140,481	\$ 24,803	\$ 12,380	\$ 177,664
Equity in Pooled Cash and Investments	905,061	8,479	147,164	1,060,704
Due from Other Governments	1,117,965	10,000	93,799	1,221,764
Property Taxes Receivable	2,086,163	0	0	2,086,163
Allowance for Uncollectible Property Taxes	(76,885)	0	0	(76,885)
Restricted Assets:				
Other Restricted Assets	2,247,265	0	0	2,247,265
Total Assets	\$ 6,420,050	\$ 43,282	\$ 253,343	\$ 6,716,675
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 228,935	\$ 2,462	\$ 0	\$ 231,397
Other Current Liabilities	140,481	24,803	0	165,284
Deferred Revenue - Current Property Taxes	1,881,405	0	0	1,881,405
Deferred Revenue - Delinquent Property Taxes	114,750	0	0	114,750
Other Deferred Revenues	106,902	0	0	106,902
Total Liabilities	\$ 2,472,473	\$ 27,265	\$ 0	\$ 2,499,738
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 2,247,265	\$ 0	\$ 0	\$ 2,247,265
Other Local Education Reserves	81,710	0	0	81,710
Reserved for Career Ladder - Extended Contract	26,742	0	0	26,742
Reserved for Career Ladder Program	31,197	0	0	31,197
Reserved for Basic Education Program	125,309	0	0	125,309
Reserved for Title I Grants to Local Education Agencies	0	2,510	0	2,510
Other Federal Reserves	0	13,507	0	13,507
Unreserved, Reported In:				
General Fund	1,435,354	0	0	1,435,354
Special Revenue Funds	0	0	253,343	253,343
Total Fund Balances	\$ 3,947,577	\$ 16,017	\$ 253,343	\$ 4,216,937
Total Liabilities and Fund Balances	\$ 6,420,050	\$ 43,282	\$ 253,343	\$ 6,716,675

Exhibit J-3

Scott County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Scott County School Department
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)	\$	4,216,937
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$	710,561
Add: construction in progress		234,990
Add: building and improvements net of accumulated depreciation		12,302,391
Add: other capital assets net of accumulated depreciation		1,745,678
		14,993,620
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: capital lease payable	\$	(2,442,680)
Less: other postemployment benefits liability		(387,956)
		(2,830,636)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		221,652
Net assets of governmental activities (Exhibit A)	\$	16,601,573

Exhibit J-4

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, 2008

	Major Funds			Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 3,183,944	\$ 0	\$ 0	\$ 3,183,944
Licenses and Permits	564	0	0	564
Charges for Current Services	43,768	0	286,754	330,522
Other Local Revenues	65,891	0	3,640	69,531
State of Tennessee	14,879,248	0	16,344	14,895,592
Federal Government	341,876	1,957,268	1,064,198	3,363,342
Other Governments and Citizens Groups	61,650	0	0	61,650
Total Revenues	\$ 18,576,941	\$ 1,957,268	\$ 1,370,936	\$ 21,905,145
<u>Expenditures</u>				
Current:				
Instruction	\$ 10,982,732	\$ 1,518,711	\$ 0	\$ 12,501,443
Support Services	5,376,421	418,503	0	5,794,924
Operation of Non-Instructional Services	1,017,883	0	1,365,494	2,383,377
Capital Outlay	72,408	0	0	72,408
Debt Service:				
Other Debt Service	185,773	0	0	185,773
Capital Projects	195,415	0	0	195,415
Total Expenditures	\$ 17,830,632	\$ 1,937,214	\$ 1,365,494	\$ 21,133,340
Excess (Deficiency) of Revenues Over Expenditures	\$ 746,309	\$ 20,054	\$ 5,442	\$ 771,805
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 2,442,680	\$ 0	\$ 0	\$ 2,442,680
Transfers In	7,621	0	0	7,621
Transfers Out	0	(7,621)	0	(7,621)
Total Other Financing Sources (Uses)	\$ 2,450,301	\$ (7,621)	\$ 0	\$ 2,442,680
Net Change in Fund Balances	\$ 3,196,610	\$ 12,433	\$ 5,442	\$ 3,214,485
Fund Balance, July 1, 2007	750,967	3,584	247,901	1,002,452
Fund Balance, June 30, 2008	\$ 3,947,577	\$ 16,017	\$ 253,343	\$ 4,216,937

Scott County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Scott County School Department
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 3,214,485
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 416,233	
Less: current year depreciation expense	<u>(824,420)</u>	(408,187)
(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.		50,000
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: capital lease proceeds		(2,442,680)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Increase in other postemployment benefits		(387,956)
(5) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 221,652	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(224,159)</u>	<u>(2,507)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 23,155</u>

Exhibit J-6

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, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,183,944	\$ 0	\$ 3,183,944	\$ 3,094,609	\$ 3,094,609	\$ 89,335
Licenses and Permits	564	0	564	500	500	64
Charges for Current Services	43,768	0	43,768	54,000	54,000	(10,232)
Other Local Revenues	65,891	0	65,891	0	51,164	14,727
State of Tennessee	14,879,248	0	14,879,248	13,934,499	14,600,150	279,098
Federal Government	341,876	0	341,876	161,953	336,963	4,913
Other Governments and Citizens Groups	61,650	0	61,650	0	61,650	0
Total Revenues	\$ 18,576,941	\$ 0	\$ 18,576,941	\$ 17,245,561	\$ 18,199,036	\$ 377,905
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 9,212,005	\$ 0	\$ 9,212,005	\$ 9,245,481	\$ 9,479,982	\$ 267,977
Alternative Instruction Program	81,818	0	81,818	70,959	81,885	67
Special Education Program	1,153,131	0	1,153,131	1,164,198	1,164,198	11,067
Vocational Education Program	532,478	0	532,478	565,516	566,111	33,633
Adult Education Program	3,300	0	3,300	3,300	3,300	0
<u>Support Services</u>						
Attendance	74,952	0	74,952	81,512	79,629	4,677
Health Services	240,394	0	240,394	124,645	253,555	13,161
Other Student Support	325,232	0	325,232	321,268	328,244	3,012
Regular Instruction Program	614,510	0	614,510	637,878	642,728	28,218
Special Education Program	195,758	0	195,758	189,431	199,799	4,041

(Continued)

Exhibit J-6

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)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Other Programs	89,721	0	89,721	0	89,721	0
Board of Education	353,873	0	353,873	393,722	381,908	28,035
Director of Schools	224,993	0	224,993	218,076	231,796	6,803
Office of the Principal	739,186	0	739,186	734,048	742,535	3,349
Operation of Plant	\$ 1,202,309	\$ 0	1,202,309	1,207,612	\$ 1,266,342	\$ 64,033
Maintenance of Plant	188,650	0	188,650	191,073	214,894	26,244
Transportation	960,427	0	960,427	929,361	1,002,046	41,619
Central and Other	166,416	0	166,416	165,089	171,314	4,898
<u>Operation of Non-Instructional Services</u>						
Community Services	38,714	0	38,714	50,000	39,831	1,117
Early Childhood Education	979,169	0	979,169	770,704	1,015,880	36,711
<u>Capital Outlay</u>						
Regular Capital Outlay	72,408	0	72,408	75,000	75,000	2,592
Other Debt Service	185,773	0	185,773	185,773	185,773	0
<u>Capital Projects</u>						
Education Capital Projects	195,415	2,247,265	2,442,680	0	2,442,680	0
Total Expenditures	\$ 17,830,632	\$ 2,247,265	\$ 20,077,897	\$ 17,324,646	\$ 20,659,151	\$ 581,254
Excess (Deficiency) of Revenues Over Expenditures	\$ 746,309	\$ (2,247,265)	\$ (1,500,956)	\$ (79,085)	\$ (2,460,115)	\$ 959,159

(Continued)

Exhibit J-6

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)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 2,442,680	0	2,442,680	0	2,442,680	0
Transfers In	7,621	0	7,621	69,085	7,435	186
Total Other Financing Sources (Uses)	\$ 2,450,301	0	2,450,301	69,085	2,450,115	186
Net Change in Fund Balance	\$ 3,196,610	(2,247,265)	949,345	(10,000)	(10,000)	959,345
Fund Balance, July 1, 2007	750,967	0	750,967	1,522,381	1,522,381	(771,414)
Fund Balance, June 30, 2008	\$ 3,947,577	(2,247,265)	1,700,312	1,512,381	1,512,381	187,931

Exhibit J-7

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,957,268	\$ 2,219,744	\$ 2,249,878	\$ (292,610)
Total Revenues	\$ 1,957,268	\$ 2,219,744	\$ 2,249,878	\$ (292,610)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 896,478	\$ 1,043,816	\$ 1,048,115	\$ 151,637
Special Education Program	577,645	584,547	616,189	38,544
Vocational Education Program	44,588	45,787	44,574	(14)
<u>Support Services</u>				
Health Services	24	0	24	0
Other Student Support	35,685	39,474	41,399	5,714
Regular Instruction Program	373,310	485,164	480,864	107,554
Alternative Instruction Program	172	0	172	0
Special Education Program	6,712	9,000	6,985	273
Vocational Education Program	2,600	3,000	2,600	0
Total Expenditures	\$ 1,937,214	\$ 2,210,788	\$ 2,240,922	\$ 303,708
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,054	\$ 8,956	\$ 8,956	\$ 11,098
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (7,621)	\$ (8,956)	\$ (8,956)	\$ 1,335
Total Other Financing Sources (Uses)	\$ (7,621)	\$ (8,956)	\$ (8,956)	\$ 1,335
Net Change in Fund Balance	\$ 12,433	\$ 0	\$ 0	\$ 12,433
Fund Balance, July 1, 2007	3,584	91,179	91,179	(87,595)
Fund Balance, June 30, 2008	\$ 16,017	\$ 91,179	\$ 91,179	\$ (75,162)

Exhibit J-8

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 286,754	\$ 291,800	\$ 291,800	\$ (5,046)
Other Local Revenues	3,640	3,000	3,000	640
State of Tennessee	16,344	17,100	17,100	(756)
Federal Government	1,064,198	1,010,000	1,010,000	54,198
Total Revenues	\$ 1,370,936	\$ 1,321,900	\$ 1,321,900	\$ 49,036
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,365,494	\$ 1,326,900	\$ 1,375,862	\$ 10,368
Total Expenditures	\$ 1,365,494	\$ 1,326,900	\$ 1,375,862	\$ 10,368
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,442	\$ (5,000)	\$ (53,962)	\$ 59,404
Net Change in Fund Balance	\$ 5,442	\$ (5,000)	\$ (53,962)	\$ 59,404
Fund Balance, July 1, 2007	247,901	98,973	98,973	148,928
Fund Balance, June 30, 2008	\$ 253,343	\$ 93,973	\$ 45,011	\$ 208,332

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 and Discretely Presented Scott County School Department
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Equipment	\$ 301,812	3.7 %	5-20-03	5-20-15	\$ 201,208	\$ 0	\$ 25,151	\$ 176,057
Equipment	136,500	3.5	5-21-03	5-21-12	75,833	0	15,167	60,666
Bridge Replacement/Equipment	300,000	4.99	8-30-05	6-30-17	250,000	0	25,000	225,000
Road Resurface/Guardrails	300,000	4.77	9-15-06	9-15-09	300,000	0	100,000	200,000
Road Resurface	300,000	3.98	12-5-07	12-1-16	0	300,000	0	300,000
Total Payable through Highway/Public Works Fund					\$ 827,041	\$ 300,000	\$ 165,318	\$ 961,723
<u>Payable through General Debt Service Fund</u>								
Public Works (Waterlines)	250,000	3.7	5-20-03	5-20-15	\$ 166,668	\$ 0	\$ 20,834	\$ 145,834
Various Projects	230,000	4.95	6-3-04	6-30-10	153,001	0	25,667	127,334
Various Projects	300,000	4.60	5-31-05	5-31-11 (1)	233,332	0	33,334	199,998
Airport Improvements	125,000	4.74	11-30-05	11-30-17	114,583	0	10,417	104,166
Bleachers/Other School Projects	325,000	5.49	5-17-06	5-30-18	297,917	0	27,083	270,834
Scott High Gym and Oneida High Bus	149,500	4.97	4-4-07	4-4-10	149,500	0	16,611	132,889
Aviation Fuel Truck	18,000	4.77	4-10-07	4-10-10	18,000	0	6,000	12,000
Vehicles, Equipment, Guard Rails	169,191	4.97	6-19-07	4-4-10	169,191	0	18,799	150,392
Highway Equipment	212,300	4.9	6-19-07	6-19-19	212,300	0	17,692	194,608
Total Payable through General Debt Service Fund					\$ 1,514,492	\$ 0	\$ 176,437	\$ 1,338,055
<u>Payable through Rural Debt Service Fund</u>								
Transportation Equipment	355,601	3.95	2-6-04	12-30-13	\$ 248,921	\$ 0	\$ 35,560	\$ 213,361
Transportation Equipment	471,760	4.05	8-29-05	8-28-08	417,687	0	55,165	362,522
Winfield Construction Project	388,182	4.99	8-24-05	6-24-17	323,484	0	32,348	291,136

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
PRIMARY GOVERNMENT (CONT.)								
NOTES PAYABLE (CONT.)								
Payable through Rural Debt Service Fund (Cont.)								
Winfield Construction Project	\$ 278,277	4.74	11-30-05	11-30-17	\$ 255,087	0	23,190	\$ 231,897
Scott High Construction Projects	190,579	4.9	6-19-07	12-4-15	190,579	0	21,175	169,404
Transportation Equipment	518,096	4.88	8-28-06	8-28-18	518,096	0	43,175	474,921
Huntsville Elementary and Technology Center Roof Projects	245,570	3.72	6-2-08	6-2-17	0	245,570	0	245,570
Total Payable through Rural Debt Service Fund					\$ 1,953,854	\$ 245,570	\$ 210,613	\$ 1,988,811
Total Notes Payable					\$ 4,295,387	\$ 545,570	\$ 552,368	\$ 4,288,589
OTHER LOANS PAYABLE								
Public Building Authority Loan Agreement								
Payable through General Debt Service Fund								
Building and Equipment	1,000,000	Varies	3-1-1995	5-25-21	\$ 702,300	0	35,800	\$ 666,500
Justice Center	(2)	Varies	2-27-07	5-25-34	3,488,708	5,479,552	171,000	8,797,260
Total Payable through General Debt Service Fund					\$ 4,191,008	\$ 5,479,552	\$ 206,800	\$ 9,463,760
Payable through Rural Debt Service Fund								
Various Schools Projects	3,000,000	Varies	10-2-03	5-25-23	\$ 2,636,000	0	129,000	\$ 2,507,000
Total Payable through Rural Debt Service Fund					\$ 2,636,000	0	129,000	\$ 2,507,000
Total Other Loans Payable					\$ 6,827,008	\$ 5,479,552	\$ 335,800	\$ 11,970,760

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
PRIMARY GOVERNMENT (CONT.)								
CAPITAL LEASES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Sweeper, Roller, and Chipper	\$ 67,205	3	5-20-03	5-20-08	\$ 13,441	0 \$	13,441 \$	0
Total Payable through Highway/Public Works Fund					\$ 13,441	0 \$	13,441 \$	0
<u>Payable through General Debt Service Fund</u>								
Sheriff Vehicle	28,500	3.99	11-17-04	11-16-09	\$ 14,950	0 \$	5,802 \$	9,148
Sheriff Vehicles	91,171	3.47	3-18-05	3-18-10	56,572	0	18,213	38,359
Total Payable through General Debt Service Fund					\$ 71,522	0 \$	24,015 \$	47,507
Total Capital Leases Payable					\$ 84,963	0 \$	37,456 \$	47,507
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
General Obligation Bonds	500,000	5	11-1-79	1-1-17	\$ 227,000	0 \$	18,000 \$	209,000
Refunding	3,093,784	1.1 to 3.55	10-21-03	6-1-15	1,549,130	0	382,968	1,166,162
General Obligation Bonds, Series 2004	650,000	4 to 4.7	12-30-04	5-1-35	630,000	0	15,000	615,000
General Obligation Bonds, Series 2008	1,250,000	3 to 4.5	2-14-08	6-1-28	0	1,250,000	0	1,250,000
Total Payable through General Debt Service Fund					\$ 2,406,130	\$ 1,250,000	\$ 415,968	\$ 3,240,162
<u>Payable through Rural Debt Service Fund</u>								
Refunding	6,630,000	3.65 to 4.5	11-1-1998	4-1-14	\$ 3,835,000	0 \$	480,000 \$	3,355,000
Refunding	413,851	1.1 to 3.3	10-21-03	6-1-13	160,870	0	67,032	93,838
Refunding	4,570,000	3.75 to 4.5	12-30-04	5-1-29	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	805,000	0	0	805,000
Total Payable through Rural Debt Service Fund					\$ 9,370,870	0 \$	547,032 \$	8,823,838
Total Bonds Payable					\$ 11,777,000	\$ 1,250,000	\$ 963,000	\$ 12,064,000

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or		
							Matured During Period	Outstanding 6-30-08	
<u>DISCRETELY PRESENTED SCOTT COUNTY</u>									
<u>SCHOOL DEPARTMENT</u>									
<u>CAPITAL LEASES PAYABLE</u>									
Payable through General Purpose School Fund									
Energy Efficiency Upgrades	\$ 2,442,680	4.62	%	5-15-08	5-15-27	\$ 0	\$ 2,442,680	\$ 0	\$ 2,442,680
Total Payable through General Purpose School Fund						\$ 0	\$ 2,442,680	\$ 0	\$ 2,442,680

(1) This note had an original maturity date of 5-31-08 but the county refinanced during the current year to extend the maturity date until 5-31-11.

(2) The total amount approved for draws under this loan agreement is \$10 million of which \$1,031,740 has not been drawn as of June 30, 2008.

Exhibit K-2

Scott County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Scott County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 547,102	\$ 189,744	\$ 736,846
2010	836,700	165,040	1,001,740
2011	482,321	126,395	608,716
2012	483,504	105,112	588,616
2013	469,545	83,446	552,991
2014	480,103	62,178	542,281
2015	306,685	43,674	350,359
2016	260,701	29,662	290,363
2017	239,515	17,847	257,362
2018	121,550	7,193	128,743
2019	60,863	1,920	62,783
Total	\$ 4,288,589	\$ 832,211	\$ 5,120,800

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 350,600	\$ 292,937	\$ 66,469	\$ 710,006
2010	365,500	284,529	64,308	714,337
2011	381,500	275,767	62,059	719,326
2012	397,600	266,624	59,713	723,937
2013	414,700	257,098	57,272	729,070
2014	433,000	247,165	54,729	734,894
2015	452,400	236,796	52,078	741,274
2016	472,000	225,965	49,312	747,277
2017	492,600	214,668	46,431	753,699
2018	513,400	202,881	43,429	759,710
2019	536,300	190,601	40,305	767,206
2020	560,400	177,776	37,045	775,221
2021	583,500	164,378	33,644	781,522
2022	538,000	150,432	30,109	718,541
2023	562,000	136,982	26,980	725,962
2024	374,000	122,932	23,717	520,649
2025	392,000	113,582	21,913	527,495

(Continued)

Exhibit K-2

Scott County, Tennessee

Schedule of Long-term Debt Requirements by Year

Primary Government and Discretely Presented Scott County School Department (Cont.)

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2026	\$ 412,000	\$ 103,782	\$ 20,022	\$ 535,804
2027	433,000	93,482	18,035	544,517
2028	454,000	82,657	15,947	552,604
2029	477,000	71,307	13,757	562,064
2030	501,000	59,382	11,456	571,838
2031	526,000	46,857	9,040	581,897
2032	552,000	33,707	6,503	592,210
2033	580,000	19,907	3,840	603,747
2034	216,260	5,407	1,043	222,710
Total	<u>\$ 11,970,760</u>	<u>\$ 4,077,601</u>	<u>\$ 869,156</u>	<u>\$ 16,917,517</u>

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 24,888	\$ 1,475	\$ 26,363
2010	22,619	573	23,192
Total	<u>\$ 47,507</u>	<u>\$ 2,048</u>	<u>\$ 49,555</u>

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 899,000	\$ 523,884	\$ 1,422,884
2010	855,000	476,071	1,331,071
2011	801,000	443,309	1,244,309
2012	812,000	411,429	1,223,429
2013	818,000	378,424	1,196,424
2014	774,000	344,761	1,118,761
2015	325,000	310,754	635,754
2016	287,000	298,191	585,191
2017	303,000	286,916	589,916
2018	290,000	275,016	565,016

(Continued)

Exhibit K-2

Scott County, Tennessee

Schedule of Long-term Debt Requirements by Year

Primary Government and Discretely Presented Scott County School Department (Cont.)

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2019	\$ 305,000	\$ 263,679	\$ 568,679
2020	330,000	251,429	581,429
2021	340,000	237,801	577,801
2022	355,000	223,779	578,779
2023	380,000	208,829	588,829
2024	610,000	192,810	802,810
2025	635,000	166,673	801,673
2026	670,000	139,348	809,348
2027	695,000	109,148	804,148
2028	720,000	77,823	797,823
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	<u>\$ 12,064,000</u>	<u>\$ 5,698,099</u>	<u>\$ 17,762,099</u>

(Continued)

Exhibit K-2

Scott County, Tennessee

Schedule of Long-term Debt Requirements by Year

Primary Government and Discretely Presented Scott County School Department (Cont.)

DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 25,225	\$ 68,433	\$ 93,658
2010	46,005	115,620	161,625
2011	51,901	113,328	165,229
2012	59,452	110,733	170,185
2013	67,516	107,775	175,291
2014	76,120	104,430	180,550
2015	85,289	100,678	185,967
2016	95,055	96,491	191,546
2017	105,462	91,830	197,292
2018	116,528	86,682	203,210
2019	128,309	80,998	209,307
2020	140,824	74,762	215,586
2021	154,133	67,920	222,053
2022	168,267	60,448	228,715
2023	183,271	52,306	235,577
2024	199,197	43,447	242,644
2025	216,091	33,832	249,923
2026	234,011	23,410	257,421
2027	290,024	11,878	301,902
Total	<u>\$ 2,442,680</u>	<u>\$ 1,445,001</u>	<u>\$ 3,887,681</u>

Exhibit K-3

Scott County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Scott County School Department
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 355,291
General	Public Utility	Capital project funds	31,653
Ambulance	General	Operations	500,000
Highway/Public Works	General Debt Service	Debt retirement	14,032
General Debt Service	Other Capital Projects	Capital project funds	150,000
General Debt Service	Public Utility	Debt retirement	28,570
Solid Waste Disposal	Solid Waste/Sanitation	Operations	<u>120,000</u>
Total Transfers Primary Government			<u>\$ 1,199,546</u>
<u>DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>7,621</u>

Exhibit K-4

Scott County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Scott County School Department
For the Year Ended June 30, 2008

Official	Authorization of Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 63,377	\$ 50,000	RLI Insurance Company
Superintendent of Roads	Section 8-24-102, TCA	60,360	100,000	"
Director of Schools	State Board of Education and County Board of Education	75,000	100,000	"
Trustee	Section 8-24-102, TCA	54,872	802,000	"
Assessor of Property	Section 8-24-102, TCA	54,872	10,000	"
County Clerk	Section 8-24-102, TCA	54,872	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	54,872	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	54,872 (1)	50,000	"
Register	Section 8-24-102, TCA	54,872	25,000	"
Sheriff	Section 8-24-102, TCA	60,360	50,000	"
Director of Finance	Board of County Commissioners	50,702	50,000	"
County Office 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			4,000	"

(1) Does not include special commissioner fees of \$7,742.

Scott County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2008

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
Local Taxes								
County Property Taxes								
Current Property Tax	\$ 1,291,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(10,465)	0	0	0	0	0	0	0
Trustee's Collections - Prior Year	84,040	0	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	59,161	0	0	0	0	0	0	0
Interest and Penalty	15,859	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	20	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	101,863	0	0	0	0	0	0	0
County Local Option Taxes								
Local Option Sales Tax	204,892	0	0	0	0	0	0	0
Hotel/Motel Tax	53,469	0	0	0	0	0	0	0
Litigation Tax - General	35,672	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	87,042	0	0	0	0	0	0	0
Business Tax	133,462	0	0	0	0	0	0	235
Statutory Local Taxes								
Bank Excise Tax	103,561	0	0	0	0	0	0	0
Wholesale Beer Tax	59,387	0	0	0	0	0	0	0
Coal Severance Tax	0	0	0	0	0	0	0	0
Interstate Telecommunications Tax	1,966	0	0	0	0	0	0	0
Total Local Taxes	\$ 2,221,226	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	235
Licenses and Permits								
Licenses								
Marriage Licenses	0	0	0	0	0	0	0	0
Cable TV Franchise	19,875	0	0	0	0	0	0	0
Permits								
Beer Permits	618	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 20,493	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Fines, Forfeitures, and Penalties								
Circuit Court								
Fines	16,648	0	0	0	0	0	0	0
Officers Costs	4,053	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
Fines, Forfeitures, and Penalties (Cont.)								
<u>Circuit Court (Cont.)</u>								
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 1,385	\$ 0	\$ 0	\$ 0	\$ 0
Jail Fees	291	0	0	0	0	0	0	0
<u>Criminal Court</u>								
District Attorney General Fees	0	0	0	0	13,006	0	0	0
<u>General Sessions Court</u>								
Fines	102,073	0	0	0	0	0	0	0
Officers Costs	17,377	0	0	0	0	0	0	0
Game and Fish Fines	192	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	19,123	0	0	0	0
Drug Court Fees	4,553	0	0	0	0	0	0	0
Jail Fees	1,603	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	118,456	0	0	0
Data Entry Fee - General Sessions Court	2,102	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	95	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	168	0	0	0	0	0	0	0
Courtroom Security Fee	36	0	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	545	0	0	0	0	0	0	0
Other Fines, Forfeitures, and Penalties	0	0	0	446	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 149,736	\$ 0	\$ 0	\$ 20,954	\$ 131,462	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Convenience Waste Centers Collection Charge	\$ 0	\$ 802	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	0	0	2,447,466	0	0	0	0	0
Other General Service Charges	11,723	0	0	0	0	0	0	0
<u>Fees</u>								
Airport Fees	358,355	0	0	0	0	0	0	0
Vending Machine Collections	33	0	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	7,842	0	0
Probation Fees	39,598	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
Charges for Current Services (Cont.)							
Fees (Cont.)							
Sexual Offender Registration Fees - Sheriff							
Total Charges for Current Services	\$ 3,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	\$ 412,709	\$ 802	\$ 2,447,466	\$ 0	\$ 0	\$ 7,842	\$ 0
Other Local Revenues							
Recurring Items							
Investment Income	\$ 227,226	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	520,703	0	0	0	0	0	0
Sale of Materials and Supplies	4,843	0	0	0	0	0	23,945
Commissary Sales	2,753	0	0	0	0	0	0
Sale of Recycled Materials	0	7,660	0	0	0	0	0
Miscellaneous Refunds	93,012	140	2,568	1,045	1,946	0	28,126
Nonrecurring Items							
Sale of Equipment	20	0	0	0	0	0	0
Contributions and Gifts	18,863	0	0	345	0	0	0
Total Other Local Revenues	\$ 867,420	\$ 7,800	\$ 2,568	\$ 1,390	\$ 1,946	\$ 0	\$ 52,071
Fees Received from County Officials							
Fees in-Lieu-of Salary							
County Clerk	\$ 172,778	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	90,953	0	0	0	0	0	0
General Sessions Court Clerk	111,563	0	0	0	0	0	0
Clerk and Master	60,390	0	0	0	0	0	0
Register	125,179	0	0	0	0	0	0
Sheriff	11,181	0	0	0	0	0	0
Trustee	279,141	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 851,185	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State of Tennessee							
General Government Grants							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	20,291	0	0	0	0	0	0
State Reappraisal Grant	8,878	0	0	0	0	0	0

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
State of Tennessee (Cont.)								
General Government Grants (Cont.)	\$ 0 \$	28,580 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Solid Waste Grants								
Public Safety Grants	16,200	0	0	0	0	0	0	0
Law Enforcement Training Programs								
Public Works Grants	0	26,318	0	0	0	0	0	0
Litter Program								
Other State Revenues								
Income Tax	13,289	0	0	0	0	0	0	0
Beer Tax	19,312	0	0	0	0	0	0	0
Alcoholic Beverage Tax	42,680	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	411,041	0	0	0	0	0	0	0
Contracted Prisoner Boarding	86,870	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0	1,792,841
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,967
Other State Grants	261,078	0	0	0	0	0	0	0
Other State Revenues	292,436	0	0	0	0	0	0	73,517
Total State of Tennessee	\$ 1,197,455 \$	54,898 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,883,325
Federal Government								
Federal Through State								
Community Development	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Homeland Security Grants	34,267	0	0	0	0	0	0	0
Other Federal through State	285,474	0	0	0	0	0	0	0
Direct Federal Revenue								
Other Direct Federal Revenue	8,034	0	0	0	0	0	0	0
Total Federal Government	\$ 327,775 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Other Governments and Citizens Groups								
Other Governments								
Contributions	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Total Other Governments and Citizens Groups	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Total	\$ 6,047,999 \$	63,500 \$	2,450,034 \$	22,344 \$	133,408 \$	7,842 \$	1,935,631	

(Continued)

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	Other Capital Projects			
Local Taxes								
County Property Taxes								
Current Property Tax	\$ 787,904	\$ 968,851	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,048,052	
Discount on Property Taxes	(6,386)	(7,900)	0	0	0	0	(24,751)	
Trustee's Collections - Prior Year	51,278	69,517	0	0	0	0	204,835	
Circuit/Clerk & Master Collections - Prior Years	24,034	30,939	0	0	0	0	114,134	
Interest and Penalty	9,676	12,945	0	0	0	0	38,480	
Payments in-Lieu-of Taxes - T.V.A.	12	19	0	0	0	0	51	
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	101,963	
County Local Option Taxes								
Local Option Sales Tax	0	100,000	0	0	0	0	304,892	
Hotel/Motel Tax	0	0	0	0	0	0	53,469	
Litigation Tax - General	0	0	0	0	0	0	35,672	
Litigation Tax - Special Purpose	0	0	0	0	0	0	87,042	
Business Tax	0	0	0	0	0	0	133,697	
Statutory Local Taxes								
Bank Excise Tax	0	0	0	0	0	0	103,561	
Wholesale Beer Tax	0	0	0	0	0	0	59,387	
Coal Severance Tax	34,432	0	0	0	0	0	34,432	
Interstate Telecommunications Tax	0	0	0	0	0	0	1,966	
Total Local Taxes	\$ 900,950	\$ 1,174,371	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,296,782	
Licenses and Permits								
Licenses								
Marriage Licenses	\$ 822	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 822	
Cable TV Franchise	0	0	0	0	0	0	19,875	
Permits	0	0	0	0	0	0	618	
Total Licenses and Permits	\$ 822	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,315	
Fines, Forfeitures, and Penalties								
Circuit Court								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,648	
Officers Costs	0	0	0	0	0	0	4,053	

(Continued)

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	Other Capital Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,385
Jail Fees	0	0	0	0	0	0	0	291
<u>Criminal Court</u>								
District Attorney General Fees	0	0	0	0	0	0	0	13,006
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	0	102,073
Officers Costs	0	0	0	0	0	0	0	17,377
Game and Fish Fines	0	0	0	0	0	0	0	192
Drug Control Fines	0	0	0	0	0	0	0	19,123
Drug Court Fees	0	0	0	0	0	0	0	4,553
Jail Fees	0	0	0	0	0	0	0	1,603
District Attorney General Fees	0	0	0	0	0	0	0	118,456
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	2,102
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	95
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	168
Courtroom Security Fee	0	0	0	0	0	0	0	36
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	545
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	446
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 302,152
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	802
Patient Charges	0	0	0	0	0	0	0	2,447,466
Other General Service Charges	0	0	300	0	0	0	0	12,023
<u>Fees</u>								
Airport Fees	0	0	0	0	0	0	0	358,355
Vending Machine Collections	0	0	0	0	0	0	0	33
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0	7,842
Probation Fees	0	0	0	0	0	0	0	39,598

(Continued)

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	Other Capital Projects		
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Sexual Offender Registration Fees - Sheriff	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	3,000
Total Charges for Current Services	\$ 0 \$	0 \$	300 \$	0 \$	0 \$	0 \$	2,869,119
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0 \$	228,264 \$	0 \$	0 \$	0 \$	0 \$	455,490
Lease/Rentals	89,870	0	0	0	0	0	610,573
Sale of Materials and Supplies	0	0	0	0	0	0	28,788
Commissary Sales	0	0	0	0	0	0	2,753
Sale of Recycled Materials	0	0	0	0	0	0	7,660
Miscellaneous Refunds	0	0	44	0	0	7,486	134,367
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	20
Contributions and Gifts	0	0	0	0	0	0	19,208
Total Other Local Revenues	\$ 89,870 \$	228,264 \$	44 \$	0 \$	7,486 \$	0 \$	1,258,859
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of-Salary</u>							
County Clerk	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	172,778
Circuit Court Clerk	0	0	0	0	0	0	90,953
General Sessions Court Clerk	0	0	0	0	0	0	111,563
Clerk and Master	0	0	0	0	0	0	60,390
Register	0	0	0	0	0	0	125,179
Sheriff	0	0	0	0	0	0	11,181
Trustee	0	0	0	0	0	0	279,141
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	851,185
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
Airport Maintenance Program	0	0	0	0	0	0	20,291
State Reappraisal Grant	0	0	0	0	0	0	8,878

(Continued)

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			Other Capital Projects		
				Development/Industrial Park					
<u>State of Tennessee (Cont.)</u>									
General Government Grants (Cont.)									
Solid Waste Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,580
Public Safety Grants	0	0	0	0	0	0	0	0	16,200
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	26,318
Public Works Grants	0	0	0	0	0	0	0	0	
Litter Program	0	0	0	0	0	0	0	0	
Other State Revenues	0	0	0	0	0	0	0	0	
Income Tax	0	0	0	0	0	0	0	0	13,289
Beer Tax	0	0	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	42,680
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	0	411,041
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	86,870
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0	1,792,841
Petroleum Special Tax	0	0	0	0	0	0	0	0	16,967
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	111,988	0	0	0	373,066
Other State Revenues	0	0	0	0	0	0	0	0	365,953
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,988	\$ 0	\$ 0	\$ 0	\$ 3,247,666
<u>Federal Government</u>									
Federal Through State									
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 78,198	\$ 0	\$ 0	\$ 0	\$ 78,198
Homeland Security Grants	0	0	0	0	0	0	0	0	34,267
Other Federal through State	0	0	0	0	0	0	142,326	0	427,800
Direct Federal Revenue									
Other Direct Federal Revenue	0	0	293,212	0	0	0	0	0	301,246
Total Federal Government	\$ 0	\$ 0	\$ 293,212	\$ 0	\$ 78,198	\$ 142,326	\$ 0	\$ 0	\$ 841,511
<u>Other Governments and Citizens Groups</u>									
Other Governments									
Contributions	\$ 0	\$ 185,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 185,773
Total Other Governments and Citizens Groups	\$ 0	\$ 185,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 185,773
<u>Total</u>	\$ 991,642	\$ 1,588,408	\$ 293,556	\$ 190,186	\$ 149,812	\$ 13,874,362			

Exhibit K-6

Scott County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Scott County School Department
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,731,658	\$ 0	\$ 0	\$ 1,731,658
Discount on Property Taxes	(13,732)	0	0	(13,732)
Trustee's Collections - Prior Year	113,548	0	0	113,548
Circuit/Clerk & Master Collections - Prior Years	64,316	0	0	64,316
Interest and Penalty	21,359	0	0	21,359
Payments in-Lieu-of Taxes - T.V.A.	26	0	0	26
Payments in-Lieu-of Taxes - Local Utilities	7,423	0	0	7,423
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,233,771	0	0	1,233,771
Mineral Severance Tax	23,706	0	0	23,706
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,869	0	0	1,869
Total Local Taxes	\$ 3,183,944	\$ 0	\$ 0	\$ 3,183,944
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 564	\$ 0	\$ 0	\$ 564
Total Licenses and Permits	\$ 564	\$ 0	\$ 0	\$ 564
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 145,716	\$ 145,716
Lunch Payments - Adults	0	0	40,289	40,289
Income from Breakfast	0	0	39,180	39,180
A la carte Sales	0	0	16,911	16,911
<u>Other Charges for Services</u>				
Other Charges for Services	43,768	0	44,658	88,426
Total Charges for Current Services	\$ 43,768	\$ 0	\$ 286,754	\$ 330,522
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 424	\$ 0	\$ 3,422	\$ 3,846
Refund of Telecommunication & Internet Fees (E-Rate)	48,342	0	0	48,342
Miscellaneous Refunds	16,722	0	218	16,940
<u>Other Local Revenues</u>				
Other Local Revenues	403	0	0	403
Total Other Local Revenues	\$ 65,891	\$ 0	\$ 3,640	\$ 69,531
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 89,721	\$ 0	\$ 0	\$ 89,721
<u>State Education Funds</u>				
Basic Education Program	13,252,360	0	0	13,252,360
Early Childhood Education	906,891	0	0	906,891
School Food Service	0	0	16,344	16,344
Driver Education	14,820	0	0	14,820
Other State Education Funds	33,419	0	0	33,419
Career Ladder Program	161,634	0	0	161,634

(Continued)

Exhibit K-6

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 - Extended Contract	\$ 54,430	\$ 0	\$ 0	\$ 54,430
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	104,000	0	0	104,000
Other State Grants	239,568	0	0	239,568
Other State Revenues	22,405	0	0	22,405
Total State of Tennessee	\$ 14,879,248	\$ 0	\$ 16,344	\$ 14,895,592
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 797,895	\$ 797,895
Breakfast	0	0	266,303	266,303
Vocational Education - Basic Grants to States	0	71,573	0	71,573
Other Vocational	80,000	0	0	80,000
Title I Grants to Local Education Agencies	0	872,746	0	872,746
Innovative Education Program Strategies	0	4,684	0	4,684
Special Education - Grants to States	56,709	581,371	0	638,080
Special Education Preschool Grants	0	18,991	0	18,991
Safe and Drug-Free Schools - State Grants	0	17,961	0	17,961
Rural Education	0	81,000	0	81,000
Eisenhower Professional Development State Grants	0	298,859	0	298,859
Other Federal through State	124,516	10,083	0	134,599
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	80,651	0	0	80,651
Total Federal Government	\$ 341,876	\$ 1,957,268	\$ 1,064,198	\$ 3,363,342
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 61,650	\$ 0	\$ 0	\$ 61,650
Total Other Governments and Citizens Groups	\$ 61,650	\$ 0	\$ 0	\$ 61,650
Total	\$ 18,576,941	\$ 1,957,268	\$ 1,370,936	\$ 21,905,145

Exhibit K-7

Scott County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	88,497	
Social Security		5,487	
State Retirement		2,030	
Employer Medicare		1,283	
Audit Services		10,627	
Consultants		7,925	
Contracts with Government Agencies		40,003	
Contracts with Other Public Agencies		12,052	
Contributions		11,296	
Dues and Memberships		7,579	
Evaluation and Testing		1,443	
Travel		8,298	
Other Contracted Services		10,265	
Other Supplies and Materials		3,539	
Other Charges		4,419	
Total County Commission			\$ 214,743

County Mayor/Executive

County Official/Administrative Officer	\$	63,377	
Secretary(ies)		18,389	
Clerical Personnel		6,875	
Other Salaries and Wages		4,216	
Social Security		5,500	
State Retirement		4,439	
Employer Medicare		1,286	
Communication		13,242	
Data Processing Services		9,719	
Legal Notices, Recording, and Court Costs		6,600	
Printing, Stationery, and Forms		430	
Travel		4,499	
Other Contracted Services		3,625	
Office Supplies		8,996	
Other Charges		4,499	
Total County Mayor/Executive			155,692

County Attorney

County Official/Administrative Officer	\$	46,000	
Social Security		2,852	
State Retirement		2,452	
Employer Medicare		667	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Communication	\$	1,176	
Other Supplies and Materials		1,324	
Total County Attorney			\$ 54,471

Election Commission

County Official/Administrative Officer	\$	47,675	
Deputy(ies)		22,001	
Other Salaries and Wages		370	
Election Commission		18,000	
Election Workers		28,428	
Social Security		5,872	
State Retirement		2,746	
Employer Medicare		1,373	
Communication		2,730	
Contracts with Government Agencies		1,773	
Data Processing Services		8,400	
Dues and Memberships		575	
Legal Notices, Recording, and Court Costs		2,935	
Postal Charges		1,044	
Printing, Stationery, and Forms		1,434	
Travel		8,447	
Office Supplies		3,400	
Other Supplies and Materials		987	
Office Equipment		374	
Total Election Commission			158,564

Register of Deeds

County Official/Administrative Officer	\$	54,872	
Deputy(ies)		24,421	
Part-time Personnel		9,640	
Other Salaries and Wages		22,607	
Social Security		6,368	
State Retirement		5,431	
Employer Medicare		1,489	
Communication		1,243	
Maintenance and Repair Services - Office Equipment		4,748	
Printing, Stationery, and Forms		4,742	
Rentals		399	
Other Contracted Services		2,840	
Office Supplies		1,426	
Total Register of Deeds			140,226

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Development

Supervisor/Director	\$	37,000	
Clerical Personnel		22,400	
Temporary Personnel		8,318	
Other Salaries and Wages		3,635	
Social Security		3,926	
State Retirement		3,166	
Employer Medicare		918	
Evaluation and Testing		1,809	
Medical and Dental Services		35	
Travel		29,878	
Tuition		44,172	
Office Supplies		927	
Small Tools		1,046	
Textbooks		28,166	
Tires and Tubes		349	
Uniforms		5,551	
Other Supplies and Materials		496	
Liability Insurance		370	
Other Charges		1,807	
Total Development			\$ 193,969

County Buildings

Mechanic(s)	\$	22,000
Custodial Personnel		37,500
Other Salaries and Wages		22,662
Social Security		4,973
State Retirement		4,491
Employer Medicare		1,163
Contracts with Government Agencies		8,190
Maintenance and Repair Services - Buildings		16,242
Maintenance and Repair Services - Office Equipment		2,640
Maintenance and Repair Services - Vehicles		1,196
Pest Control		2,696
Other Contracted Services		6,993
Custodial Supplies		7,500
Electricity		88,634
Gasoline		4,981
Natural Gas		19,448
Road Signs		2,052
Water and Sewer		13,926

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Supplies and Materials	\$	17,408	
Motor Vehicles		5,400	
Other Equipment		7,733	
Total County Buildings			\$ 297,828

Finance

Accounting and Budgeting

Supervisor/Director	\$	50,702	
Data Processing Personnel		131,409	
Social Security		10,823	
State Retirement		9,706	
Employer Medicare		2,531	
Communication		8,242	
Data Processing Services		5,905	
Travel		1,112	
Office Supplies		6,805	
Office Equipment		3,786	
Total Accounting and Budgeting			231,021

Property Assessor's Office

County Official/Administrative Officer	\$	54,872	
Assistant(s)		16,227	
Deputy(ies)		24,524	
Part-time Personnel		10,130	
Other Salaries and Wages		22,078	
Board and Committee Members Fees		3,786	
Social Security		7,911	
State Retirement		6,273	
Employer Medicare		1,850	
Communication		2,242	
Data Processing Services		7,052	
Dues and Memberships		1,183	
Maintenance and Repair Services - Vehicles		502	
Travel		3,870	
Office Supplies		1,811	
Other Supplies and Materials		92	
Data Processing Equipment		1,325	
Total Property Assessor's Office			165,728

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	54,872	
Assistant(s)		6,284	
Deputy(ies)		22,777	
Other Salaries and Wages		22,272	
Social Security		6,233	
State Retirement		5,326	
Employer Medicare		1,458	
Communication		1,281	
Contracts with Government Agencies		7,209	
Printing, Stationery, and Forms		202	
Travel		1,174	
Office Supplies		1,184	
Office Equipment		1,278	
Total County Trustee's Office			\$ 131,550

County Clerk's Office

County Official/Administrative Officer	\$	54,872	
Assistant(s)		38,065	
Deputy(ies)		24,421	
Temporary Personnel		6,703	
Other Salaries and Wages		23,505	
Social Security		8,989	
State Retirement		7,404	
Employer Medicare		2,102	
Communication		2,608	
Printing, Stationery, and Forms		2,103	
Other Contracted Services		8,716	
Office Supplies		3,925	
Office Equipment		3,577	
Total County Clerk's Office			186,990

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	54,872
Assistant(s)		17,591
Deputy(ies)		20,181
Secretary(ies)		11,204
Other Salaries and Wages		34,463
Jury and Witness Fees		7,917
Social Security		8,371

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

State Retirement	\$	7,352	
Employer Medicare		1,958	
Communication		2,565	
Data Processing Services		8,391	
Printing, Stationery, and Forms		3,353	
Office Supplies		4,158	
Other Charges		2,238	
Total Circuit Court			\$ 184,614

General Sessions Court

Judge(s)	\$	95,000	
Assistant(s)		39,999	
Salary Supplements		9,800	
Secretary(ies)		19,591	
Clerical Personnel		18,109	
Board and Committee Members Fees		10,500	
Social Security		11,908	
State Retirement		9,067	
Employer Medicare		2,785	
Communication		5,527	
Contracts with Government Agencies		6,695	
Travel		7,526	
Drug Treatment		21,000	
Office Supplies		1,219	
Other Supplies and Materials		19,123	
Total General Sessions Court			277,849

Chancery Court

County Official/Administrative Officer	\$	54,872	
Deputy(ies)		24,421	
Other Salaries and Wages		19,960	
Social Security		6,154	
State Retirement		5,290	
Employer Medicare		1,439	
Printing, Stationery, and Forms		945	
Office Supplies		712	
Total Chancery Court			113,793

District Attorney General

Assistant(s)	\$	34,745	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Social Security	\$	1,709	
State Retirement		1,852	
Medical Insurance		1,924	
Employer Medicare		400	
Other Supplies and Materials		39,508	
Total District Attorney General			\$ 80,138

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	60,360	
Deputy(ies)		576,863	
Salary Supplements		16,200	
Secretary(ies)		21,630	
Social Security		41,447	
State Retirement		32,249	
Employer Medicare		9,693	
Communication		20,736	
Contracts with Government Agencies		53,199	
Dues and Memberships		1,300	
Licenses		132	
Maintenance Agreements		6,156	
Maintenance and Repair Services - Vehicles		68,099	
Printing, Stationery, and Forms		2,382	
Tow-in Services		2,980	
Travel		11,263	
Tuition		20,335	
Other Contracted Services		10,689	
Data Processing Supplies		8,629	
Gasoline		117,929	
Law Enforcement Supplies		13,173	
Office Supplies		5,698	
Tires and Tubes		10,224	
Uniforms		12,292	
Other Supplies and Materials		12,313	
Liability Insurance		31,702	
Workers' Compensation Insurance		63,391	
Transfers to Other Funds		1,000	
Motor Vehicles		111,595	
Total Sheriff's Department			1,343,659

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols

School Resource Officer	\$	60,912	
Social Security		3,661	
State Retirement		3,236	
Employer Medicare		856	
Total Special Patrols			\$ 68,665

Drug Enforcement

Supervisor/Director	\$	21,298	
Social Security		1,282	
State Retirement		1,135	
Employer Medicare		300	
Total Drug Enforcement			24,015

Jail

Deputy(ies)	\$	290,861	
Dispatchers/Radio Operators		176,984	
Social Security		28,105	
State Retirement		22,565	
Employer Medicare		6,573	
Maintenance and Repair Services - Buildings		12,345	
Medical and Dental Services		54,114	
Pest Control		385	
Travel		7,386	
Remittance of Revenue Collected		14,380	
Other Contracted Services		3,602	
Electricity		34,065	
Food Supplies		109,053	
Natural Gas		6,392	
Office Supplies		936	
Uniforms		1,617	
Water and Sewer		21,353	
Other Supplies and Materials		28,022	
Office Equipment		5,270	
Total Jail			824,008

Juvenile Services

Deputy(ies)	\$	80,027
Youth Service Officer(s)		27,000
Part-time Personnel		101,216
Social Security		12,619

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

State Retirement	\$	5,872	
Employer Medicare		2,951	
Communication		7,627	
Maintenance and Repair Services - Buildings		3,980	
Travel		1,051	
Other Contracted Services		2,658	
Electricity		1,112	
Food Supplies		14,891	
Gasoline		863	
Natural Gas		1,684	
Office Supplies		949	
Other Supplies and Materials		10,500	
Workers' Compensation Insurance		12,822	
Total Juvenile Services			\$ 287,822

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	21,700	
Social Security		1,345	
State Retirement		1,156	
Employer Medicare		315	
Communication		437	
Travel		2,063	
Office Supplies		658	
Other Charges		32,970	
Total Civil Defense			60,644

Rescue Squad

Contributions	\$	10,000	
Total Rescue Squad			10,000

County Coroner/Medical Examiner

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Social Security	\$	1,673	
State Retirement		901	
Employer Medicare		391	
Contributions		45,361	
Total Local Health Center			\$ 48,326

Other Local Health Services

Medical Personnel	\$	126,895	
Social Security		7,233	
State Retirement		5,106	
Medical Insurance		3,271	
Employer Medicare		1,691	
Travel		4,685	
Other Supplies and Materials		308	
Total Other Local Health Services			149,189

General Welfare Assistance

Maintenance and Repair Services - Buildings	\$	2,547	
Total General Welfare Assistance			2,547

Other Local Welfare Services

Pauper Burials	\$	61	
Total Other Local Welfare Services			61

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Deputy(ies)	\$	21,952	
Part-time Personnel		1,079	
Social Security		1,343	
State Retirement		1,170	
Employer Medicare		314	
Communication		988	
Contracts with Government Agencies		209	
Contributions		300	
Travel		26,933	
Other Supplies and Materials		3,122	
Total Senior Citizens Assistance			57,410

Libraries

Other Salaries and Wages	\$	25,376	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Social Security	\$	1,567	
Employer Medicare		366	
Communication		3,012	
Contracts with Government Agencies		556	
Postal Charges		258	
Library Books/Media		8,535	
Office Supplies		1,000	
Periodicals		485	
Utilities		8,649	
Total Libraries			\$ 49,804

Other Social, Cultural, and Recreational

Part-time Personnel	\$	19,156	
Social Security		1,224	
State Retirement		1,052	
Employer Medicare		286	
Other Charges		4,800	
Total Other Social, Cultural, and Recreational			26,518

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	3,664	
Supervisor/Director		8,587	
Secretary(ies)		6,772	
Social Security		1,431	
State Retirement		2,365	
Employer Medicare		24	
Communication		2,187	
Travel		1,294	
Other Supplies and Materials		93	
Office Equipment		279	
Total Agriculture Extension Service			26,696

Other Operations

Tourism

Supervisor/Director	\$	23,997	
Social Security		1,499	
State Retirement		1,279	
Employer Medicare		351	
Contributions		25,874	
Total Tourism			53,000

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Supervisor/Director	\$	17,888	
Other Salaries and Wages		21,760	
Social Security		2,391	
State Retirement		1,056	
Medical Insurance		1,539	
Employer Medicare		559	
Total Other Economic and Community Development	\$		45,193

Airport

Supervisor/Director	\$	26,000	
Part-time Personnel		16,684	
Social Security		2,416	
State Retirement		1,386	
Employer Medicare		565	
Communication		2,583	
Maintenance and Repair Services - Equipment		1,535	
Maintenance and Repair Services - Vehicles		296	
Travel		3,077	
Other Contracted Services		16,546	
Diesel Fuel		211,136	
Electricity		13,505	
Gasoline		83,223	
Natural Gas		305	
Water and Sewer		1,096	
Other Supplies and Materials		22,053	
Liability Insurance		5,650	
Transfers to Other Funds		624	
Maintenance Equipment		1,700	
Total Airport			410,380

Veterans' Services

Supervisor/Director	\$	30,000	
Social Security		1,860	
State Retirement		1,599	
Employer Medicare		435	
Travel		1,495	
Other Supplies and Materials		162	
Total Veterans' Services			35,551

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 127,490	
Total Contributions to Other Agencies		\$ 127,490

Miscellaneous

Medical Insurance	\$ 94,934	
Unemployment Compensation	9,287	
Postal Charges	29,363	
Liability Insurance	43,926	
Trustee's Commission	57,074	
Workers' Compensation Insurance	45,674	
Other Charges	2,621	
Total Miscellaneous		282,879

Highways

Highway and Bridge Maintenance

Transfers to Other Funds	\$ 235	
Total Highway and Bridge Maintenance		235

Support Services

Central and Other

Contributions	\$ 90,000	
Total Central and Other		90,000

Total General Fund		\$ 6,619,229
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Solid Waste/Sanitation Fund

Public Health and Welfare

Recycling Center

Laborers	\$ 55,087
Social Security	3,468
State Retirement	1,996
Employer Medicare	811
Communication	1,646
Maintenance and Repair Services - Equipment	1,582
Other Contracted Services	8,937
Diesel Fuel	4,046
Electricity	3,901
Gasoline	2,108
Natural Gas	934
Propane Gas	201

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Uniforms	\$	2,651	
Water and Sewer		399	
Other Supplies and Materials		4,801	
Trustee's Commission		73	
Vehicle and Equipment Insurance		2,000	
Workers' Compensation Insurance		6,907	
Motor Vehicles		25,000	
Solid Waste Equipment		13,200	
Total Recycling Center			\$ 139,748

Highways

Litter and Trash Collection

Other Supplies and Materials	\$	14,897	
Total Litter and Trash Collection			14,897

Total Solid Waste/Sanitation Fund \$ 154,645

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	38,242	
Deputy(ies)		75,058	
Data Processing Personnel		62,705	
Medical Personnel		671,945	
Part-time Personnel		6,000	
Overtime Pay		161,237	
Social Security		63,177	
State Retirement		49,827	
Life Insurance		851	
Medical Insurance		42,703	
Unemployment Compensation		3,584	
Employer Medicare		14,775	
Communication		11,526	
Dues and Memberships		125	
Janitorial Services		727	
Licenses		984	
Maintenance and Repair Services - Buildings		1,718	
Maintenance and Repair Services - Vehicles		43,738	
Pest Control		353	
Postal Charges		50	

(Continued)

Exhibit K-7

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.)

Printing, Stationery, and Forms	\$	535	
Tow-in Services		1,911	
Travel		4,283	
Tuition		3,348	
Disposal Fees		3,293	
Other Contracted Services		26,840	
Custodial Supplies		1,719	
Diesel Fuel		77,996	
Drugs and Medical Supplies		98,006	
Electricity		112	
Gasoline		2,239	
Natural Gas		2,835	
Office Supplies		6,671	
Propane Gas		7,015	
Tires and Tubes		3,168	
Uniforms		4,798	
Water and Sewer		628	
Other Supplies and Materials		1,241	
Refunds		20,365	
Trustee's Commission		24,729	
Vehicle and Equipment Insurance		17,774	
Workers' Compensation Insurance		129,129	
Other Charges		620	
Motor Vehicles		241,068	
Total Ambulance/Emergency Medical Services			\$ 1,929,648
Total Ambulance Service Fund			\$ 1,929,648

Drug Control Fund

Other Operations

Miscellaneous

Communication	\$	1,609	
Confidential Drug Enforcement Payments		7,000	
Travel		101	
Veterinary Services		386	
Other Contracted Services		2,258	
Animal Food and Supplies		1,927	
Other Supplies and Materials		1,596	
Trustee's Commission		222	
Motor Vehicles		5,700	
Total Miscellaneous			\$ 20,799
Total Drug Control Fund			20,799

(Continued)

Exhibit K-7

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

District Attorney General Fund

Administration of Justice

District Attorney General

Secretary(ies)	\$	11,250	
Part-time Personnel		438	
Social Security		674	
Employer Medicare		158	
Other Supplies and Materials		84,801	
Trustee's Commission		1,299	
Workers' Compensation Insurance		113	
Total District Attorney General			\$ 98,733

Total District Attorney General Fund \$ 98,733

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	100	
Total County Clerk's Office			\$ 100

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	7,742	
Total Chancery Court			7,742

Total Constitutional Officers - Fees Fund 7,842

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	60,360	
Clerical Personnel		25,771	
Overtime Pay		177	
Social Security		5,203	
State Retirement		4,587	
Employer Medicare		1,217	
Dues and Memberships		2,759	
Postal Charges		40	
Printing, Stationery, and Forms		389	
Travel		586	
Custodial Supplies		24	
Office Supplies		339	
Total Administration			\$ 101,452

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Supervisor/Director	\$	68,240	
Equipment Operators		61,986	
Truck Drivers		139,434	
Laborers		152,842	
Overtime Pay		14,492	
Social Security		25,372	
State Retirement		21,968	
Unemployment Compensation		3,422	
Employer Medicare		5,934	
Other Contracted Services		7,559	
Asphalt - Cold Mix		118,419	
Asphalt - Hot Mix		439,576	
Crushed Stone		133,575	
Other Road Supplies		20,737	
Pipe - Metal		18,193	
Road Signs		718	
Wood Products		2,465	
Total Highway and Bridge Maintenance	\$		1,234,932

Operation and Maintenance of Equipment

Foremen	\$	45,000	
Mechanic(s)		30,469	
Social Security		4,115	
State Retirement		4,013	
Unemployment Compensation		417	
Employer Medicare		962	
Maintenance and Repair Services - Equipment		7,227	
Tow-in Services		450	
Other Contracted Services		8,420	
Diesel Fuel		97,730	
Equipment and Machinery Parts		66,514	
Garage Supplies		2,445	
Gasoline		40,510	
Lubricants		8,740	
Propane Gas		2,055	
Small Tools		1,319	
Tires and Tubes		14,376	
Other Supplies and Materials		8,467	
Total Operation and Maintenance of Equipment			343,229

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	4,671	
Electricity		6,870	
Natural Gas		4,094	
Water and Sewer		1,895	
Trustee's Commission		18,811	
Vehicle and Equipment Insurance		22,702	
Other Charges		4,670	
Total Other Charges			\$ 63,713

Employee Benefits

Employee and Dependent Insurance	\$	38,081	
Life Insurance		488	
Workers' Compensation Insurance		73,697	
Total Employee Benefits			112,266

Capital Outlay

Bridge Construction	\$	2,499	
Highway Equipment		52,834	
Total Capital Outlay			55,333

Principal on Debt

Highways and Streets

Principal on Notes	\$	165,318	
Principal on Capital Leases		13,441	
Total Highways and Streets			178,759

Interest on Debt

Highways and Streets

Interest on Notes	\$	41,728	
Interest on Capital Leases		410	
Total Highways and Streets			42,138

Total Highway/Public Works Fund \$ 2,131,822

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	415,968	
Principal on Notes		176,437	
Principal on Capital Leases		24,015	

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

General Government (Cont.)

Principal on Other Loans	\$ 206,800	
Total General Government		\$ 823,220

Interest on Debt

General Government

Interest on Bonds	\$ 83,979	
Interest on Notes	73,152	
Interest on Capital Leases	2,348	
Interest on Other Loans	199,350	
Total General Government		358,829

Other Debt Service

General Government

Trustee's Commission	\$ 17,426	
Other Debt Service	12,797	
Total General Government		30,223

Total General Debt Service Fund		\$ 1,212,272
---------------------------------	--	--------------

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 547,032	
Principal on Notes	210,613	
Principal on Other Loans	129,000	
Total Education		\$ 886,645

Interest on Debt

Education

Interest on Bonds	\$ 402,232	
Interest on Notes	85,840	
Interest on Other Loans	85,717	
Total Education		573,789

Other Debt Service

Education

Trustee's Commission	\$ 22,196	
Other Debt Service	4,154	
Total Education		26,350

Total Rural Debt Service Fund		1,486,784
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(Continued)

Exhibit K-7

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

General Capital Projects Fund

Capital Projects

Public Safety Projects

Temporary Personnel	\$	99,890	
Social Security		6,193	
Employer Medicare		1,448	
Advertising		65	
Architects		84,410	
Other Contracted Services		344,631	
Other Supplies and Materials		14,334	
Liability Insurance		5,497	
Trustee's Commission		3	
Workers' Compensation Insurance		5,674	
Building Construction		4,755,022	
Site Development		1,869	
Other Equipment		3,888	
Total Public Safety Projects			\$ 5,322,924

Social, Cultural, and Recreation Projects

Other Contracted Services	\$	293,212	
Total Social, Cultural, and Recreation Projects			293,212

Total General Capital Projects Fund \$ 5,616,136

Education Capital Projects Fund

Capital Projects - Donated

Capital Projects Donated to School Department

Architects	\$	13,825	
Other Contracted Services		106,496	
Furniture and Fixtures		1,430	
Total Capital Projects Donated to School Department			\$ 121,751

Total Education Capital Projects Fund 121,751

Other Capital Projects Fund

Other Debt Service

General Government

Other Debt Issuance Charges	\$	29,450	
Other Debt Service		21,829	
Total General Government			\$ 51,279

(Continued)

Exhibit K-7

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

Other Capital Projects Fund (Cont.)

Capital Projects

Other General Government Projects

Engineering Services	\$	11,892	
Matching Share		5,350	
Other Contracted Services		<u>99,737</u>	
Total Other General Government Projects			<u>\$ 116,979</u>

Total Other Capital Projects Fund \$ 168,258

Total Governmental Funds - Primary Government \$ 19,567,919

Exhibit K-8

Scott County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Scott County School Department
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	5,894,383	
Career Ladder Program		106,415	
Career Ladder Extended Contracts		39,000	
Homebound Teachers		53,864	
Educational Assistants		341,302	
Other Salaries and Wages		105,353	
Certified Substitute Teachers		119,314	
Social Security		402,744	
State Retirement		408,034	
Life Insurance		8,544	
Medical Insurance		860,871	
Unemployment Compensation		6,149	
Employer Medicare		94,149	
Instructional Supplies and Materials		202,312	
Textbooks		177,396	
Other Charges		3,861	
Regular Instruction Equipment		388,314	
Total Regular Instruction Program			\$ 9,212,005

Alternative Instruction Program

Teachers	\$	51,882	
Educational Assistants		12,848	
Social Security		4,013	
State Retirement		3,922	
Medical Insurance		8,163	
Unemployment Compensation		51	
Employer Medicare		939	
Total Alternative Instruction Program			81,818

Special Education Program

Teachers	\$	721,371
Career Ladder Program		15,001
Homebound Teachers		32,606
Educational Assistants		86,119
Speech Pathologist		49,362
Certified Substitute Teachers		7,000
Social Security		55,648
State Retirement		55,231
Medical Insurance		71,335

(Continued)

Exhibit K-8

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.)

Special Education Program (Cont.)

Unemployment Compensation	\$	688	
Employer Medicare		13,015	
Other Contracted Services		12,202	
Instructional Supplies and Materials		32,113	
Other Supplies and Materials		1,440	
Total Special Education Program			\$ 1,153,131

Vocational Education Program

Teachers	\$	387,062	
Career Ladder Program		2,000	
Educational Assistants		27,343	
Certified Substitute Teachers		3,000	
Social Security		25,521	
State Retirement		25,754	
Medical Insurance		45,176	
Unemployment Compensation		355	
Employer Medicare		5,969	
Instructional Supplies and Materials		3,141	
T&I Construction Materials		4,784	
Other Charges		2,373	
Total Vocational Education Program			532,478

Adult Education Program

Other Contracted Services	\$	3,300	
Total Adult Education Program			3,300

Support Services

Attendance

Supervisor/Director	\$	53,849	
Social Security		3,173	
State Retirement		3,360	
Medical Insurance		8,326	
Unemployment Compensation		27	
Employer Medicare		742	
Travel		1,512	
Other Supplies and Materials		610	
Other Charges		3,353	
Total Attendance			74,952

(Continued)

Exhibit K-8

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

Medical Personnel	\$	88,229	
Other Salaries and Wages		74,555	
Social Security		9,713	
State Retirement		8,693	
Medical Insurance		17,821	
Unemployment Compensation		241	
Employer Medicare		2,272	
Travel		6,547	
Office Supplies		700	
Other Supplies and Materials		28,082	
Other Charges		3,541	
Total Health Services			\$ 240,394

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		203,292	
Social Workers		30,985	
Secretary(ies)		17,526	
Social Security		15,257	
State Retirement		15,615	
Medical Insurance		32,142	
Unemployment Compensation		194	
Employer Medicare		3,568	
Evaluation and Testing		5,653	
Total Other Student Support			325,232

Regular Instruction Program

Supervisor/Director	\$	60,593	
Career Ladder Program		8,000	
Librarians		291,334	
Secretary(ies)		10,606	
Social Security		22,558	
State Retirement		21,638	
Medical Insurance		34,595	
Unemployment Compensation		246	
Employer Medicare		5,276	
Travel		12,949	
Library Books/Media		41,507	
In Service/Staff Development		27,814	

(Continued)

Exhibit K-8

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.)

Regular Instruction Program (Cont.)

Other Charges	\$	35,531	
Other Equipment		41,863	
Total Regular Instruction Program			\$ 614,510

Special Education Program

Supervisor/Director	\$	54,349	
Career Ladder Program		2,000	
Psychological Personnel		62,901	
Secretary(ies)		25,384	
Social Security		8,675	
State Retirement		8,794	
Medical Insurance		12,401	
Unemployment Compensation		84	
Employer Medicare		2,029	
Travel		19,141	
Total Special Education Program			195,758

Other Programs

On-Behalf Payments to OPEB	\$	89,721	
Total Other Programs			89,721

Board of Education

Secretary to Board	\$	24,652	
Board and Committee Members Fees		40,100	
Social Security		3,884	
State Retirement		1,618	
Unemployment Compensation		108	
Employer Medicare		939	
Audit Services		5,850	
Dues and Memberships		13,060	
Travel		17,807	
Other Contracted Services		14,750	
Liability Insurance		21,349	
Premiums on Corporate Surety Bonds		1,130	
Trustee's Commission		86,779	
Workers' Compensation Insurance		103,892	
Other Charges		17,955	
Total Board of Education			353,873

(Continued)

Exhibit K-8

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

County Official/Administrative Officer	\$	75,000	
Assistant(s)		61,207	
Career Ladder Program		1,000	
Secretary(ies)		24,652	
Social Security		9,976	
State Retirement		9,876	
Medical Insurance		4,279	
Unemployment Compensation		82	
Employer Medicare		2,333	
Communication		14,499	
Postal Charges		1,834	
Travel		4,952	
Office Supplies		4,845	
Other Charges		10,458	
Total Director of Schools			\$ 224,993

Office of the Principal

Principals	\$	408,419	
Career Ladder Program		9,625	
Assistant Principals		55,544	
Secretary(ies)		121,355	
Social Security		36,677	
State Retirement		36,127	
Medical Insurance		47,075	
Unemployment Compensation		403	
Employer Medicare		8,578	
Communication		13,750	
Travel		1,633	
Total Office of the Principal			739,186

Operation of Plant

Supervisor/Director	\$	24,738	
Custodial Personnel		312,281	
Social Security		20,988	
State Retirement		16,447	
Unemployment Compensation		653	
Employer Medicare		4,909	
Other Contracted Services		5,510	
Coal		3,066	

(Continued)

Exhibit K-8

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.)

Operation of Plant (Cont.)

Electricity	\$	497,849	
Natural Gas		82,719	
Water and Sewer		85,686	
Other Supplies and Materials		85,107	
Boiler Insurance		3,333	
Building and Contents Insurance		58,631	
Other Charges		392	
Total Operation of Plant			\$ 1,202,309

Maintenance of Plant

Maintenance Personnel	\$	82,285	
Social Security		5,102	
State Retirement		4,386	
Medical Insurance		4,071	
Unemployment Compensation		122	
Employer Medicare		1,193	
Other Supplies and Materials		87,581	
Other Charges		3,910	
Total Maintenance of Plant			188,650

Transportation

Supervisor/Director	\$	26,995	
Mechanic(s)		44,681	
Bus Drivers		500,895	
Social Security		35,499	
State Retirement		24,110	
Unemployment Compensation		1,227	
Employer Medicare		8,302	
Contracts with Vehicle Owners		5,520	
Diesel Fuel		185,643	
Tires and Tubes		21,967	
Vehicle Parts		45,411	
Vehicle and Equipment Insurance		18,745	
Other Charges		25,601	
Transportation Equipment		6,131	
Other Equipment		9,700	
Total Transportation			960,427

(Continued)

Exhibit K-8

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.)

Central and Other

Supervisor/Director	\$	54,239	
Other Salaries and Wages		84,637	
Social Security		8,017	
State Retirement		7,698	
Medical Insurance		9,854	
Unemployment Compensation		96	
Employer Medicare		1,875	
Total Central and Other			\$ 166,416

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	25,130	
Social Security		1,653	
State Retirement		1,672	
Medical Insurance		4,473	
Unemployment Compensation		33	
Employer Medicare		226	
Travel		2,976	
Instructional Supplies and Materials		2,066	
Other Charges		485	
Total Community Services			38,714

Early Childhood Education

Supervisor/Director	\$	23,760	
Teachers		376,390	
Educational Assistants		125,024	
Other Salaries and Wages		35,601	
Certified Substitute Teachers		9,000	
Social Security		31,824	
State Retirement		30,208	
Medical Insurance		38,684	
Unemployment Compensation		634	
Employer Medicare		7,482	
Travel		6,704	
Instructional Supplies and Materials		292,333	
Other Charges		1,525	
Total Early Childhood Education			979,169

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 72,408	
Total Regular Capital Outlay		\$ 72,408

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 185,773	
Total Education		185,773

Capital Projects

Education Capital Projects

Other Capital Outlay	\$ 195,415	
Total Education Capital Projects		<u>195,415</u>

Total General Purpose School Fund		\$ 17,830,632
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 551,159	
Educational Assistants	48,588	
Other Salaries and Wages	8,536	
Certified Substitute Teachers	18,719	
Social Security	38,700	
State Retirement	37,274	
Medical Insurance	70,892	
Unemployment Compensation	622	
Employer Medicare	9,051	
Instructional Supplies and Materials	58,597	
Other Supplies and Materials	38,495	
Other Charges	8,282	
Regular Instruction Equipment	<u>7,563</u>	
Total Regular Instruction Program		\$ 896,478

Special Education Program

Teachers	\$ 128,007
Educational Assistants	239,513
Speech Pathologist	8,881
Social Security	23,108
State Retirement	20,685

(Continued)

Exhibit K-8

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 (Cont.)

Medical Insurance	\$	23,748	
Unemployment Compensation		622	
Employer Medicare		5,404	
Other Contracted Services		124,044	
Instructional Supplies and Materials		3,633	
Total Special Education Program	\$		577,645

Vocational Education Program

Teachers	\$	8,500	
Educational Assistants		12,238	
Social Security		1,229	
State Retirement		1,183	
Unemployment Compensation		34	
Employer Medicare		287	
Vocational Instruction Equipment		21,117	
Total Vocational Education Program			44,588

Support Services

Health Services

Medical Insurance	\$	24	
Total Health Services			24

Other Student Support

Travel	\$	3,727	
Other Supplies and Materials		18,066	
In Service/Staff Development		2,592	
Other Charges		11,300	
Total Other Student Support			35,685

Regular Instruction Program

Supervisor/Director	\$	59,370	
Secretary(ies)		10,606	
Other Salaries and Wages		88,021	
Social Security		9,749	
State Retirement		9,762	
Medical Insurance		17,631	
Unemployment Compensation		95	
Employer Medicare		2,199	
Travel		4,052	

(Continued)

Exhibit K-8

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.)

Library Books/Media	\$	8,555	
Other Supplies and Materials		2,386	
In Service/Staff Development		150,065	
Other Charges		7,465	
Other Equipment		3,354	
Total Regular Instruction Program			\$ 373,310

Alternative Instruction Program

Medical Insurance	\$	172	
Total Alternative Instruction Program			172

Special Education Program

Travel	\$	1,232	
Other Supplies and Materials		1,154	
In Service/Staff Development		4,326	
Total Special Education Program			6,712

Vocational Education Program

Travel	\$	2,600	
Total Vocational Education Program			2,600

Total School Federal Projects Fund \$ 1,937,214

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	49,913	
Cafeteria Personnel		475,992	
Other Salaries and Wages		24,920	
In-Service Training		1,394	
Social Security		33,865	
State Retirement		25,242	
Medical Insurance		16,682	
Unemployment Compensation		1,195	
Employer Medicare		7,920	
Travel		2,533	
Food Preparation Supplies		6,828	
Food Supplies		583,382	
Other Supplies and Materials		99,146	

(Continued)

Exhibit K-8

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	\$ 36,482	
Total Food Service		\$ 1,365,494
Total Central Cafeteria Fund		\$ 1,365,494
Total Governmental Funds - Scott County School Department		\$ 21,133,340

Exhibit K-9

Scott County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2008

	Cities- Sales Tax Fund	Special School District Fund	City School ADA - Oneida Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 361,974	\$ 793,689	\$ 1,155,663
Discounts on Property Taxes	0	(2,908)	(6,848)	(9,756)
Trustee's Collections - Prior Years	0	17,630	58,525	76,155
Circuit/Clerk and Master Collections - Prior Years	0	9,148	27,202	36,350
Interest and Penalty	0	3,011	9,822	12,833
Payment in-lieu-of Taxes - T.V.A.	0	0	13	13
Local Option Sales Tax	1,481,015	0	562,211	2,043,226
Coal Severance Tax	0	0	10,698	10,698
Interstate Telecommunications Tax	0	0	851	851
Marriage Licenses	0	0	256	256
Other Local Revenues	0	0	124	124
Total Cash Receipts	\$ 1,481,015	\$ 388,855	\$ 1,456,543	\$ 3,326,413
<u>Cash Disbursements</u>				
Remittance of Revenue Collected	\$ 1,466,205	\$ 376,692	\$ 1,425,828	\$ 3,268,725
Trustee's Commission	14,810	7,686	23,118	45,614
Total Cash Disbursements	\$ 1,481,015	\$ 384,378	\$ 1,448,946	\$ 3,314,339
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ 4,477	\$ 7,597	\$ 12,074
Cash Balance, July 1, 2007	0	2,467	51,443	53,910
Cash Balance, June 30, 2008	\$ 0	\$ 6,944	\$ 59,040	\$ 65,984

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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 37243-1402
PHONE (615) 401-7841

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

April 28, 2009

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, 2008, which collectively comprise Scott County's basic financial statements and have issued our report thereon dated April 28, 2009. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the Scott County Emergency Communications District as described in our report on Scott County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01, 08.02, 08.03, 08.04, and 08.08.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Scott County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08.01 and 08.03 to be material weaknesses.

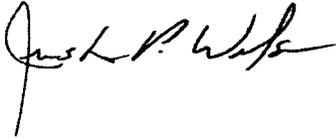
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scott County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.05, 08.06, and 08.07.

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

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

Very truly yours,

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Justin P Wilson
Comptroller of the Treasury

JPW/yu

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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 37243-1402
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

April 28, 2009

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, 2008. 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 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 of 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, 2008.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

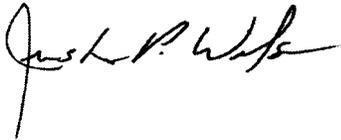
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scott County as of and for the year ended June 30, 2008, and have issued our report thereon dated April 28, 2009. Our report on the governmental activities 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 audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Scott County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 management, the county mayor, director of schools, superintendent of roads, director of finance, County Commission, Board of Education, Financial Management Committee, others within Scott County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a large initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Scott County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 1,021,000 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	102,951 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	266,303
National School Lunch Program	10.555	N/A	797,895 (4)
Total U.S. Department of Agriculture			<u>\$ 2,188,149</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Economic Development Initiative - Special Project	14.251	N/A	\$ 293,212
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	(2)	24,282
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	173,313
Total U.S. Department of Housing and Urban Development			<u>\$ 490,807</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 7,752
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	7,919
Passed-through City of Knoxville:			
Community Prosecution and Project Safe Neighborhoods	16.609	(2)	30,507
Total U.S. Department of Justice			<u>\$ 46,178</u>
U.S. Department of Labor:			
Passed-through East Tennessee Human Resource Agency:			
WIA Cluster:			
WIA Adult Program	17.258	(2)	\$ 80,955
WIA Youth Activities	17.259	(2)	58,122
WIA Dislocated Workers	17.260	(2)	68,500
Passed-through State Department of Education:			
WIA Incentive Grants	17.267	(2)	25,000
Total U.S. Department of Labor			<u>\$ 232,577</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-07-037598-00	\$ 111,629
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-08-023759-00	4,999
Total U.S. Department of Transportation			<u>\$ 116,628</u>
Appalachian Regional Commission:			
Passed-through State Department of Economic and Community Development:			
Appalachian Regional Development	23.001	N/A	\$ 10,000
Total Appalachian Regional Commission			<u>\$ 10,000</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
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 873,821
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	622,271
Special Education - Preschool Grants	84.173	N/A	18,991
Career and Technical Education - Basic Grants to States	84.048	N/A	151,573
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	17,961
Even Start-State Educational Agencies	84.213	(2)	99,516
State Grants for Innovative Programs	84.298	N/A	4,684
Education Technology State Grants	84.318	(2)	10,083
Rural Education	84.358	N/A	80,928
Improving Teacher Quality State Grants	84.367	N/A	301,232
Total U.S. Department of Education			<u>\$ 2,181,060</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 18,816
Total U.S. Department of Health and Human Services			<u>\$ 18,816</u>
U.S. Department of Homeland Security:			
Direct Program:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 7,255
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	GG-07-20801-00	32,970
Emergency Management Performance Grants	97.042	(2)	13,725
Total U.S. Department of Homeland Security			<u>\$ 53,950</u>
Total Expenditures of Federal Awards			<u>\$ 5,338,165</u>
<u>State Grants</u>			
Airport Maintenance Program - State Department of Transportation	N/A	(2)	\$ 27,000
Litter Program - State Department of Transportation	N/A	(2)	26,318
State Reappraisal - Comptroller of the Treasury	N/A	(2)	8,878
Health Department Programs - State Department of Health	N/A	(2)	164,979
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)	19,900
Save the Children - State Department of Education	N/A	(2)	58,091
Coordinated School Health - State Department of Education	N/A	(2)	111,577
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	531,276
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	375,615
Touching the Lives of Children Program - State Department of Education	N/A	(2)	21,150
Waste Tire Option Grant- State Department of Environment and Conservation	N/A	(2)	6,080
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	22,500

(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	Contract Number	Expenditures
<u>State Grants (Cont.)</u>			
Tennessee Industrial Infrastructure Program - State Department of Environment and Conservation	N/A	(2)	\$ 111,988
Gear Up Program - State Department of Education	N/A	(2)	3,000
Drug Control Grant - State Department of Finance and Administration	N/A	(2)	41,028
Law Enforcement Training Grant - State Department of Finance and Administration	N/A	(2)	<u>16,200</u>
Total State Grants			<u>\$ 1,587,880</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) Amount for CFDA No. 10.760 includes a direct loan of \$255,000.
- (4) Total for CFDA No. 10.555 is \$900,846.

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Scott County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

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, 2007, which have not been corrected.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.02	180-181	Duties were not segregated adequately in the Office of Circuit and General Sessions Courts Clerk

OFFICE OF DIRECTOR OF FINANCE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.05(A, B)	182	The two enterprise funds had deficits in unrestricted net assets
07.06	182	Interfund receivables and payables were not liquidated on a current basis

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.07	183	Duties were not segregated adequately in the Offices of Trustee, County Clerk, Clerk and Master, Register, and Sheriff

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SCOTT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the governmental activities is qualified. Our report on the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Scott County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed three instances of noncompliance that are material to the financial statements of Scott County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Water and Waste Disposal Systems for Rural Communities (CFDA No. 10.760), the Community Development Block Grants/State's Program (CFDA No. 14.228), the Improving Teacher Quality State Grants (CFDA No. 84.367), and the Economic Development Initiative- Special Project (CFDA No. 14.251) were determined to be major programs.
8. A \$300,000 threshold 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 08.01 THE GENERAL, AMBULANCE SERVICE, EDUCATION CAPITAL PROJECTS, AND GENERAL PURPOSE SCHOOL FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2008, certain general ledger account balances in the General, Ambulance Service, Education Capital Projects, and General Purpose School funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Scott County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Scott County should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 08.02 DEFICIENCIES WERE NOTED IN THE PURCHASE ORDER SYSTEM
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. Although the county's purchasing policies require purchase orders for most purchases, our examination disclosed instances where the Finance Department processed payments for purchases when the required purchase orders had not been issued. This could result in unapproved purchases, purchases made without adequate appropriations, or undocumented purchasing commitments.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should ensure that purchase orders are issued for all applicable purchases.

FINDING 08.03 TWO ENTERPRISE FUNDS HAD DEFICITS IN UNRESTRICTED NET ASSETS, AND THREE CAPITAL PROJECTS FUNDS HAD DEFICITS IN UNRESERVED FUND BALANCES
(Internal Control – Material Weakness Under Government Auditing Standards)

The following five funds reported deficits at June 30, 2008, which indicates a lack of cash management and planning by officials.

- A. The Public Utility Fund had a deficit in unrestricted net assets at June 30, 2008 totaling \$165,258. This fund also reflects a liability for amounts due to other funds totaling \$198,363, which management has not been able to liquidate due to the fund's poor financial condition. This deficiency exists because of the failure of management to correct the finding noted in the prior audit report.
- B. The Solid Waste Disposal Fund had a deficit of \$459,436 in unrestricted net assets at June 30, 2008. This deficit resulted primarily from the recognition of an estimated liability for postclosure care costs totaling \$570,000. It should be noted that the county-owned landfill was closed during the year, and the closure has been approved by the State Department of Environment. This deficiency exists because of the failure of management to correct the finding noted in the prior audit report, which resulted in inadequate financing to fund the liability.
- C. At June 30, 2008, the following capital projects funds had deficits in unreserved fund balances: Community Development/Industrial Park Fund (\$29,142), the Education Capital Projects Fund (\$13,458), and Other General Capital Projects Fund (\$2,937).

RECOMMENDATION

Officials should liquidate the above-noted deficits and take steps to ensure that the deficits do not recur.

FINDING 08.04 INTERFUND RECEIVABLES AND PAYABLES WERE NOT LIQUIDATED ON A CURRENT BASIS
(Internal Control – Significant Deficiency Under Government Audit Standards)

Management did not liquidate its interfund balances in a timely manner. Financial statements of this report reflect due to/from other funds of \$500,413 at June 30, 2008. As of the date of this report (April 28, 2009), approximately \$423,000 of this amount remains unpaid. Additionally, approximately \$330,000 of these interfund balances was reflected as due to/from other funds in the county's financial statements at June 30, 2007. Sound business practices dictate that interfund balances be liquidated in a timely manner. This deficiency exists because of the failure of management to correct the finding noted in the prior audit report.

RECOMMENDATION

All interfund receivables and payables should be liquidated on a current basis.

FINDING 08.05 THE PRACTICE OF APPROPRIATING AND EXPENDING FUNDS FROM THE GENERAL FUND FOR SCHOOL PURPOSES IS OF QUESTIONABLE LEGALITY
(Material Noncompliance Under Government Audit Standards)

During the year, the county appropriated and expended \$90,000 from the General Fund to provide funds to the county school system (\$61,650) and the city school system (\$28,350). We were advised by county officials that during the budget process, it was determined that the county needed to provide these additional amounts to meet minimum local education funding requirements established through the Basic Education Program. Instead of setting the School Department's tax levy at an amount sufficient to meet those requirements, the County Commission elected to appropriate General Fund monies to cover the deficiency.

Opinion No. 92-03 issued by the state attorney general states "...a county legislative body cannot lawfully divert revenues collected for general county purposes, or other non-education purposes, and apply those moneys to education purposes." Therefore, we question the legality of using General Fund moneys to provide operating funds to the county and city school systems.

RECOMMENDATION

General Fund monies should not be used to provide funding for school purposes.

FINDING 08.06 **FUNDS PLACED IN ESCROW TO FINANCE SCHOOL ENERGY MANAGEMENT IMPROVEMENTS WERE NOT INVESTED IN ACCORDANCE WITH STATE STATUTE**
(Material Noncompliance Under Government Auditing Standards)

On May 15, 2008, the Scott County School Department entered into a lease-purchase agreement with Bank of America where the bank provided financing of \$2,442,680 for energy management improvements at various schools. The lease agreement required that the funds provided for financing be deposited into an escrow account and invested in accordance with directions from the School Department. Funds were to be released to the vendor as the improvements were made. While held in escrow, the proceeds of the financing agreement were invested in mutual funds.

This investment in mutual funds is not an investment type permitted by Section 5-8-301, Tennessee Code Annotated (TCA). This statute provides that county funds be invested in: (a) bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies; (b) certificates of deposit and other evidence of deposits at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations; (c) certain repurchase agreements; (d) the state investment pool; (e) certain bonds issued by states and political subdivisions; (f) nonconvertible debt securities of certain federal government sponsored enterprises; and (g) the county's own debt issued in accordance with Title 9, Chapter 21, TCA. As of June 30, 2008, the balance in this mutual fund was \$2,247,265. Subsequent to year-end, this investment was liquidated as the improvements were completed.

RECOMMENDATION

County officials should ensure county funds are invested in accordance with state statute.

FINDING 08.07 **HOSPITAL AND NURSING HOME ASSETS OWNED BY THE COUNTY WERE NOT CAPITALIZED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**
(Material Noncompliance Under Government Auditing Standards)

The Scott County Finance Department has not identified and determined the historical value and related depreciation for all hospital and nursing home assets owned by the county and rented to tenants through operating leases. As a result, amounts reflected for capital assets of the governmental activities of the primary government do not include these assets. This information is necessary to present government-wide financial statements for all of the county's activities, as required by Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. This deficiency exists because of the failure of management to correct the report qualification noted in the prior audit report. The effects on the financial statements of the governmental operations are not

reasonably determinable. Because of this omission we have qualified our opinion on the governmental activities opinion unit.

RECOMMENDATION

All capital assets should be recorded in accordance with generally accepted accounting principles.

OTHER FINDING AND RECOMMENDATION

FINDING 08.08 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF
(Internal Control – Significant Deficiency Under Government Audit Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

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

There were no findings and questioned costs for federal awards.

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SCOTT COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008

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