



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



**FOR THE YEAR ENDED JUNE 30, 2009**



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**ANNUAL FINANCIAL REPORT**  
**SCOTT COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2009**

***DEPARTMENT OF AUDIT***  
***JUSTIN P. WILSON***  
***Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT***  
***RICHARD V. NORMENT***  
***Assistant to the Comptroller***

***JAMES R. ARNETTE***  
***Director***

***BRYAN W. BURKLIN, CPA, CGFM***  
***Audit Manager***

***LESTER TACKETT, CPA, CGFM***  
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***ANDREW WAY, CPA***  
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***ANGIE COLLINS, CPA, CFE***  
***MICHAEL JARREAU, CFE***  
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***MARK FAWVER***  
***GARRETT RAIDEN***  
***State Auditors***

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***Audit Highlights***  
Annual Financial Report  
Scott County, Tennessee  
For the Year Ended June 30, 2009

***Scope***

We have audited the basic financial statements of Scott County as of and for the year ended June 30, 2009.

***Results***

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

Our audit resulted in five 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 Public Utility Fund had a deficit in unrestricted net assets at June 30, 2009.
- ◆ An interfund loan was not issued in compliance with state statute.

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**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

- ◆ The execution docket trial balance did not reconcile with cash control records.
- ◆ Bank accounts were not accurately reconciled with general ledgers on a current basis.

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**OTHER FINDING**

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

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## INTRODUCTORY SECTION

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Scott County Officials  
June 30, 2009

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**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	Ernest Phillips
Ronnie Blevins	Alan Reed
Willie Boyatt	Dennis Sexton
Odeva Byrd	Mike Slaven
Rothel Cross	Paul Strunk
Gerry Garrett	James Watson
Daniel Murley	Clyde Zachary

**Financial Management Committee**

Mike Slaven, Chairman	Keith Jeffers, Director of Finance
Rick Keeton, County Mayor	Esther Abbott
Donald Sexton, Superintendent of Roads	Ernest Phillips
Sharon Wilson, Director of Schools	Dennis Sexton

**Board of Education**

Brian Strunk, Chairman	Brad Zachary
Tony Sexton	Rodney West
Jim Sexton	Richard Smith
Esther Abbott	

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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  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

March 19, 2010

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, 2009, 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 4.5 percent and 1.4 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 other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2009, 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 March 19, 2010, 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. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

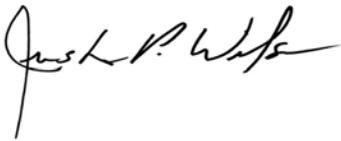
The management of Scott County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of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

The budgetary comparison, pension, and other 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 written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Scott County, Tennessee  
Statement of Net Assets  
June 30, 2009

	Primary Government			Component Units	
	Governmental	Business-type	Total	Scott	Emergency
	Activities	Activities		County	Communications
			School	District	
			Department		
	\$	600	\$	323,383	\$ 771,111
Cash					
Equity in Pooled Cash and Investments		0			0
Inventories	3,550,045	43,037	3,593,082	1,429,603	0
Accounts Receivable	16,755	0	16,755	0	0
Allowance for Uncollectibles	833,489	13,407	846,896	0	34,785
Due from Other Governments	(318,567)	0	(318,567)	0	0
Internal Balances	1,340,382	34,775	1,375,157	920,658	0
Property Taxes Receivable	166,638	(166,638)	0	0	0
Allowance for Uncollectible Property Taxes	3,712,228	0	3,712,228	2,138,551	0
Prepaid Items	(172,074)	0	(172,074)	(99,373)	0
Deferred Charges - Debt Issuance Cost	0	0	0	0	4,605
Capital Assets:	312,442	0	312,442	0	0
Assets Not Depreciated:					
Land	1,966,783	10,000	1,976,783	710,561	0
Construction in Progress	662,356	34,775	697,131	469,661	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	15,876,193	28,064	15,904,257	12,066,403	0
Other Capital Assets	1,435,773	3,349,193	4,784,966	1,709,395	113,880
Infrastructure - Roads, Streets, and Bridges	2,262,823	0	2,262,823	0	0
Total Assets	\$ 31,645,866	\$ 3,346,613	\$ 34,992,479	\$ 19,668,842	\$ 924,381

ASSETS

(Continued)

Exhibit A

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

	Primary Government		Total	Component Units	
	Governmental Activities	Business-type Activities		Scott County School Department	Emergency Communications District
<u>LIABILITIES</u>					
Accounts Payable	\$ 149,207	\$ 6,591	\$ 155,798	\$ 145,732	\$ 0
Accrued Payroll	137,617	0	137,617	23,272	0
Accrued Interest Payable	125,449	1,506	126,955	0	0
Payroll Deductions Payable	239	0	239	823	0
Contracts Payable	59,695	34,775	94,470	0	0
Retainage Payable	21,865	0	21,865	0	0
Due to State of Tennessee	2,840	0	2,840	2,806	0
Deferred Revenue - Property Tax	3,263,386	0	3,263,386	1,878,644	0
Other Current Liabilities	0	0	0	309,772	0
Noncurrent Liabilities:					
Due Within One Year	2,480,785	17,991	2,498,776	48,376	10,089
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	27,979,598	667,050	28,646,648	3,282,602	0
Total Liabilities	\$ 34,220,681	\$ 727,913	\$ 34,948,594	\$ 5,692,027	\$ 10,089
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 7,969,340	\$ 2,736,991	\$ 10,706,331	\$ 0	\$ 0
Invested in Capital Assets Restricted for:	0	0	0	14,956,020	113,380
Highways	790,476	0	790,476	0	0
Debt Service	905,648	0	905,648	0	0
Capital Projects	367,781	36,316	404,097	0	0
Solid Waste	269,110	0	269,110	0	0
District Attorney General	94,882	0	94,882	0	0
State and Federal Assistance Programs	0	0	0	594,929	0
Other Purposes	51,805	0	51,805	62,254	0
Unrestricted	(13,023,857)	(154,607)	(13,178,464)	(1,636,388)	800,912
Total Net Assets	\$ (2,574,815)	\$ 2,618,700	\$ 43,885	\$ 13,976,815	\$ 914,292

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, 2009

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	
<b>Primary Government:</b>										
<b>Governmental Activities:</b>										
General Government	\$ 1,623,051	\$ 160,193	\$ 78,828	\$ 0	\$ (1,384,030)	\$ 0	\$ (1,384,030)	\$ 0	\$ 0	0
Finance	737,996	450,920	8,935	0	(278,141)	0	(278,141)	0	0	0
Administration of Justice	870,141	684,774	200,167	0	14,800	0	14,800	0	0	0
Public Safety	3,321,406	549,710	273,456	94,756	(2,403,484)	0	(2,403,484)	0	0	0
Public Health and Welfare	2,300,888	3,565,483	225,436	0	1,490,031	0	1,490,031	0	0	0
<b>Social, Cultural, and Recreational Services</b>	157,922	52,808	34,179	100,000	29,065	0	29,065	0	0	0
Agriculture and Natural Resources	41,266	0	0	0	(41,266)	0	(41,266)	0	0	0
Other Operations	1,187,150	307,208	261,889	5,350	(612,703)	0	(612,703)	0	0	0
Highways	1,932,872	21,513	1,799,731	128,929	17,301	0	17,301	0	0	0
Education	699,682	0	0	0	(699,682)	0	(699,682)	0	0	0
Interest on Long-term Debt	896,836	0	0	0	(896,836)	0	(896,836)	0	0	0
Debt Service	98,535	0	0	0	(98,535)	0	(98,535)	0	0	0
<b>Total Governmental Activities</b>	\$ 13,867,745	\$ 5,792,609	\$ 2,882,621	\$ 329,035	\$ (4,863,480)	\$ 0	\$ (4,863,480)	\$ 0	\$ 0	0
<b>Business-type Activities:</b>										
Public Utility - Sewer	\$ 241,189	\$ 155,033	\$ 2,135	\$ 34,775	\$ 0	\$ (49,246)	\$ (49,246)	\$ 0	\$ 0	0
<b>Total Business-type Activities</b>	\$ 241,189	\$ 155,033	\$ 2,135	\$ 34,775	\$ 0	\$ (49,246)	\$ (49,246)	\$ 0	\$ 0	0
<b>Total Primary Government</b>	\$ 14,108,934	\$ 5,947,642	\$ 2,884,756	\$ 363,810	\$ (4,863,480)	\$ (49,246)	\$ (4,912,726)	\$ 0	\$ 0	0
<b>Component Units:</b>										
Scott County School Department	\$ 25,426,042	\$ 313,963	\$ 3,849,199	\$ 672,703	\$ 0	\$ 0	\$ 0	\$ (20,590,177)	\$ 0	0
Emergency Communications District	195,895	159,644	77,696	0	0	0	0	0	0	41,445
<b>Total Component Units</b>	\$ 25,621,937	\$ 473,607	\$ 3,926,895	\$ 672,703	\$ 0	\$ 0	\$ 0	\$ (20,590,177)	\$ 0	41,445

(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		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Department	County	Emergency Communica-tions District
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					\$ 1,449,611	\$ 0	\$ 1,449,611	\$ 1,903,253	\$ 0	0
Property Taxes Levied for General Debt Services					837,379	0	837,379	0	0	0
Property Taxes Levied for Rural Debt Service					1,078,806	0	1,078,806	0	0	0
Local Option Sales Taxes					335,544	0	335,544	1,209,069	0	0
Litigation Taxes					122,305	0	122,305	0	0	0
Business Taxes					123,954	0	123,954	0	0	0
Other Taxes					121,264	0	121,264	10,271	0	0
Grants and Contributions Not Restricted to Specific Programs					1,126,228	0	1,126,228	14,780,432	63,484	63,484
Unrestricted Investment Income					587,016	0	587,016	11,632	16,142	16,142
Miscellaneous					34,091	2,131	36,222	82,620	0	0
Total General Revenues					\$ 5,816,198	\$ 2,131	\$ 5,818,329	\$ 17,997,277	\$ 79,626	
Transfers					(50,838)	\$ 50,838	\$ 0	\$ 0	\$ 0	0
Change in Net Assets					\$ 901,880	\$ 3,723	\$ 905,603	\$ (2,592,900)	\$ 121,071	
Prior-period Adjustment					(1,604,283)	398,524	(1,205,759)	(31,858)	0	0
Net Assets, July 1, 2008					(1,872,412)	2,216,453	344,041	16,601,573	793,221	
Net Assets, June 30, 2009					(2,574,815)	2,618,700	43,885	13,976,815	914,292	

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, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Other	Governmental Funds	
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500	\$ 600	
Equity in Pooled Cash and Investments	1,387,601	231,562	529,534	370,047	307,273	724,028	3,550,045	
Inventories	16,755	0	0	0	0	0	16,755	
Accounts Receivable	129,097	663,682	480	758	0	39,472	833,489	
Allowance for Uncollectibles	0	(318,567)	0	0	0	0	(318,567)	
Due from Other Governments	709,070	0	311,870	5,667	192,786	120,989	1,340,382	
Due from Other Funds	328,207	0	0	0	0	87,000	415,207	
Property Taxes Receivable	1,900,078	0	0	684,007	1,128,143	0	3,712,228	
Allowance for Uncollectible Property Taxes	(82,666)	0	0	(37,212)	(52,196)	0	(172,074)	
Total Assets	\$ 4,388,242	\$ 576,677	\$ 841,884	\$ 1,023,267	\$ 1,576,006	\$ 971,989	\$ 9,378,065	

LIABILITIES AND FUND BALANCES

	Accounts Payable	Accrued Payroll	Payroll Deductions Payable	Contracts Payable	Retainage Payable	Due to Other Funds	Due to State of Tennessee	Deferred Revenue - Current Property Taxes	Deferred Revenue - Delinquent Property Taxes	Other Deferred Revenues	Total Liabilities
Liabilities	\$ 119,453	\$ 8,896	\$ 8,547	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 149,207
Accounts Payable	41,429	60,316	33,295	0	0	0	0	0	0	2,577	137,617
Accrued Payroll	184	55	0	0	0	0	0	0	0	0	239
Payroll Deductions Payable	0	0	0	0	0	0	0	0	0	59,695	59,695
Contracts Payable	0	0	0	0	0	0	0	0	0	21,865	21,865
Retainage Payable	0	105,457	9,566	0	0	0	0	0	0	133,546	248,569
Due to Other Funds	0	2,840	0	0	0	0	0	0	0	0	2,840
Due to State of Tennessee	1,695,210	0	0	0	575,732	992,444	0	0	0	0	3,263,386
Deferred Revenue - Current Property Taxes	111,884	0	0	0	65,063	76,445	0	0	0	0	253,392
Deferred Revenue - Delinquent Property Taxes	292,382	141,647	152,620	0	0	192,786	0	0	0	111,644	891,079
Other Deferred Revenues	\$ 2,260,542	\$ 319,211	\$ 204,028	\$ 640,795	\$ 1,261,675	\$ 341,638	\$ 5,027,889				
Total Liabilities											

(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	Other Governmental Funds	
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 760,654	\$ 760,654
Reserved for Sexual Offender Registration	5,802	0	0	0	0	0	5,802
Reserved for Courtroom Security	94	0	0	0	0	0	94
Reserved for Automation Purposes - Chancery Court	564	0	0	0	0	0	564
Reserved for Aging Programs	3,394	0	0	0	0	0	3,394
Reserved for Inventory	16,755	0	0	0	0	0	16,755
Other Federal Reserves	9,859	0	0	0	0	35,000	44,859
Reserved for Other General Purposes	5,115	0	0	0	0	0	5,115
Unreserved, Reported In:							
General Fund	2,086,117	0	0	0	0	0	2,086,117
Special Revenue Funds	0	257,466	637,856	0	0	356,712	1,252,034
Debt Service Funds	0	0	0	382,472	314,331	0	696,803
Capital Projects Funds (Deficit)	0	0	0	0	0	(522,015)	(522,015)
Total Fund Balances	\$ 2,127,700	\$ 257,466	\$ 637,856	\$ 382,472	\$ 314,331	\$ 630,351	\$ 4,350,176
Total Liabilities and Fund Balances	\$ 4,388,242	\$ 576,677	\$ 841,884	\$ 1,023,267	\$ 1,576,006	\$ 971,989	\$ 9,378,065

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, 2009

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)		\$ 4,350,176
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,966,783	
Add: construction in progress	662,356	
Add: infrastructure net of accumulated depreciation	2,262,823	
Add: buildings and improvements net of accumulated depreciation	15,876,193	
Add: other capital assets net of accumulated depreciation	<u>1,435,773</u>	22,203,928
(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	\$ (4,741,972)	
Less: other loans payable	(11,941,390)	
Less: capital leases payable	(22,619)	
Less: bonds payable	(11,165,000)	
Add: deferred amount on refunding	36,662	
Add: deferred charges - debt issuance costs	312,442	
Less: compensated absences payable	(196,444)	
Less: landfill postclosure care costs	(2,401,806)	
Less: accrued interest on bonds, notes, and capital leases	(125,449)	
Less: other deferred revenue - premium on debt	<u>(27,814)</u>	(30,273,390)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>1,144,471</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (2,574,815)</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, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Other	Governmental Funds	
<u>Revenues</u>								
Local Taxes	\$ 2,312,120	\$ 0	\$ 235	\$ 836,402	\$ 1,156,014	\$ 0	\$ 0	\$ 4,304,771
Licenses and Permits	22,271	0	0	855	0	0	0	23,126
Fines, Forfeitures, and Penalties	139,598	0	0	0	0	0	179,434	319,032
Charges for Current Services	360,840	2,244,935	0	0	0	0	138,563	2,744,338
Other Local Revenues	1,462,379	898	46,210	107,310	218,210	0	22,293	1,857,300
Fees Received from County Officials	855,733	0	0	0	0	0	0	855,733
State of Tennessee	1,419,301	0	1,923,713	0	0	0	44,197	3,387,211
Federal Government	171,875	0	0	0	0	0	58,416	230,291
Other Governments and Citizens Groups	234,145	0	38,172	91,125	185,773	0	0	549,215
Total Revenues	\$ 6,978,262	\$ 2,245,833	\$ 2,008,330	\$ 1,035,692	\$ 1,559,997	\$ 442,903	\$ 14,271,017	
<u>Expenditures</u>								
Current:								
General Government	\$ 1,359,838	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,359,838
Finance	738,186	0	0	0	0	100	0	738,286
Administration of Justice	649,032	0	0	0	0	214,805	0	863,837
Public Safety	3,008,676	0	0	0	0	0	0	3,008,676
Public Health and Welfare	226,799	1,763,739	0	0	0	132,560	0	2,123,098
Social, Cultural, and Recreational Services	105,562	0	0	0	0	0	0	105,562
Agriculture and Natural Resources	41,266	0	0	0	0	0	0	41,266
Other Operations	1,087,589	0	0	0	0	55,338	0	1,142,927
Highways	235	0	1,784,817	0	0	11,978	0	1,797,030
Debt Service:								
Principal on Debt	0	0	131,652	798,906	891,034	7,667	0	1,829,259
Interest on Debt	0	0	39,904	352,212	509,463	1,708	0	903,287
Other Debt Service	0	0	0	29,677	25,964	0	0	55,641
Capital Projects	0	0	0	0	0	555,823	0	555,823
Capital Projects - Donated	0	0	0	0	0	699,682	0	699,682
Total Expenditures	\$ 7,217,183	\$ 1,763,739	\$ 1,956,373	\$ 1,180,795	\$ 1,426,461	\$ 1,679,661	\$ 15,224,212	
Excess (Deficiency) of Revenues Over Expenditures	\$ (238,921)	\$ 482,094	\$ 51,957	\$ (145,103)	\$ 133,536	\$ (1,236,758)	\$ (953,195)	

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 106,618	\$ 0	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 662,204	\$ 968,822
Other Loans Issued	0	0	0	0	0	0	321,230	321,230
Insurance Recovery	0	0	4,512	0	0	0	0	4,512
Transfers In	500,000	0	0	333,703	0	0	71,405	905,108
Transfers Out	(413,993)	(500,000)	(13,613)	(28,340)	0	0	0	(955,946)
Total Other Financing Sources (Uses)	\$ 192,625	\$ (500,000)	\$ 190,899	\$ 305,363	\$ 0	\$ 0	\$ 1,054,839	\$ 1,243,726
Net Change in Fund Balances	\$ (46,296)	\$ (17,906)	\$ 242,856	\$ 160,260	\$ 133,536	\$ (181,919)	\$	\$ 290,531
Fund Balance, July 1, 2008	2,173,996	275,372	395,000	222,212	180,795	662,374	662,374	3,909,749
Prior-period Adjustment	0	0	0	0	0	0	149,896	149,896
Fund Balance, June 30, 2009	\$ 2,127,700	\$ 257,466	\$ 637,856	\$ 382,472	\$ 314,331	\$ 630,351	\$	\$ 4,350,176

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, 2009

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)		\$	290,531
(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	\$	418,152	
Less: current year depreciation expense		(810,131)	(391,979)
(2) 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, 2009	\$	1,144,471	
Less: deferred delinquent property taxes and other deferred June 30, 2008		(595,025)	549,446
(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 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	\$	(968,822)	
Less: other loan proceeds		(321,230)	
Add: change in premium on debt issuances		1,605	
Less: change in deferred debt issuance costs		(26,772)	
Add: principal payments on bonds		899,000	
Add: principal payments on notes		554,771	
Add: principal payments on other loans		350,600	
Add: principal payments on capital leases		24,888	
Less: change in deferred amount on refunding debt		(16,122)	497,918
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	4,846	
Change in compensated absences payable		(13,965)	
Change in landfill postclosure care costs		(34,917)	(44,036)
Change in net assets of governmental activities (Exhibit B)			\$ <u>901,880</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 Fund  
June 30, 2009

	<u>Business-type Activities - Enterprise Fund</u>	<u>Public Utility Fund</u>
<u>ASSETS</u>		
Current Assets:		
Equity in Pooled Cash and Investments	\$	43,037
Accounts Receivable		13,407
Due from Other Governments		34,775
Due from Other Funds		32,452
Capital Assets:		
Assets Not Depreciated:		
Land		10,000
Construction in Progress		34,775
Assets Net of Accumulated Depreciation:		
Buildings and Improvements		28,064
Other Capital Assets		3,349,193
Total Assets	\$	<u>3,545,703</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$	6,591
Contracts Payable		34,775
Accrued Interest Payable		1,506
Due to Other Funds		199,090
Noncurrent Liabilities:		
Due Within One Year		17,991
Due in More Than One Year		667,050
Total Liabilities	\$	<u>927,003</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$	2,736,991
Restricted for Capital Outlay		36,316
Unrestricted		<u>(154,607)</u>
Total Net Assets	\$	<u><u>2,618,700</u></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, 2009

	Business Type Activities - Enterprise Funds		Total
	Public Utility Fund	Solid Waste Disposal Fund	
<u>Operating Revenues</u>			
Charges for Services	\$ 155,033	\$ 0	\$ 155,033
Other Operating Income	2,135	0	2,135
Total Operating Revenue	<u>\$ 157,168</u>	<u>\$ 0</u>	<u>\$ 157,168</u>
<u>Operating Expenses</u>			
Communication	\$ 2,018	\$ 0	\$ 2,018
Other Contracted Services	71,033	0	71,033
Diesel Fuel	435	0	435
Utilities	27,650	0	27,650
Gasoline	168	0	168
Water and Sewer	1,179	0	1,179
Supplies and Materials	22,346	0	22,346
Depreciation	83,757	0	83,757
Vehicle Insurance	2,190	0	2,190
Trustee's Commission	1,416	0	1,416
Total Operating Expenses	<u>\$ 212,192</u>	<u>\$ 0</u>	<u>\$ 212,192</u>
Operating Income (Loss)	<u>\$ (55,024)</u>	<u>\$ 0</u>	<u>\$ (55,024)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Federal Revenue	\$ 34,775	\$ 0	\$ 34,775
Interest on Debt	(28,997)	0	(28,997)
Sale of Non-Capital Assets	2,131	0	2,131
Total Nonoperating Revenues (Expenses)	<u>\$ 7,909</u>	<u>\$ 0</u>	<u>\$ 7,909</u>
Income Before Contributions and Transfers	\$ (47,115)	\$ 0	\$ (47,115)
Transfers In (Out)	50,838	0	50,838
Change in Net Assets	\$ 3,723	\$ 0	\$ 3,723
Net Assets, July 1, 2008	2,614,977	(398,524)	2,216,453
Prior-period Adjustment	0	398,524	398,524
Net Assets, June, 30, 2009	<u>\$ 2,618,700</u>	<u>\$ 0</u>	<u>\$ 2,618,700</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 Fund  
For the Year Ended June 30, 2009

	Business-type Activities - Enterprise Fund
	<u>Public Utility Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 141,626
Other Operating Income	2,135
Payments to Vendors	(123,078)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 20,683</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Sale of Non-Capital Assets	\$ 2,131
Transfers from Other Funds	50,838
Principal Paid on Bonds	(12,881)
Interest Paid on Bonds	(29,019)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ 11,069</u>
Increase (Decrease) in Cash	\$ 31,752
Cash, July 1, 2008	<u>11,285</u>
Cash, June 30, 2009	<u><u>\$ 43,037</u></u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (55,024)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	83,757
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables, Net of Allowance	(13,407)
Increase (Decrease) in Current Liabilities	5,357
Net Cash Provided By (Used In) Operating Activities	<u>\$ 20,683</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, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 503,553
Equity in Pooled Cash and Investments	182,049
Accounts Receivable	4,040
Due from Other Governments	334,254
Property Taxes Receivable	1,455,122
Allowance for Uncollectible Taxes	<u>(67,804)</u>
Total Assets	<u><u>\$ 2,411,214</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,778,516
Due to Litigants, Heirs, and Others	503,553
Due to Joint Ventures	<u>129,145</u>
Total Liabilities	<u><u>\$ 2,411,214</u></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, 2009**

**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.

**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 Organizations** – 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.

The Scott County Airport Authority was established by the Scott County Commission to provide oversight of the county’s airport operations. The County Commission appoints all members of the authority’s board. Most financial transactions related to the operation of the airport are channeled through the county’s General Fund. However, the authority had certain lease revenues and debt payments that were not channeled through the General Fund that the county did not provide financial oversight. As discussed in Note V.C., the Scott County Commission approved the issuance of general obligation capital outlay notes subsequent to June 30, 2009, to refinance the outstanding capital debt of the authority. All future revenues generated by the authority’s projects have been assigned to the county, and financial transactions will no longer be accounted for outside the General Fund. The assigned revenues are to be used by the county in funding the airport operations.

**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 \$662,204 of capital outlay notes on behalf of the School Department during the year ended June 30, 2009.

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 fund 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 only reports one proprietary fund, an enterprise fund. 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 the major enterprise fund 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 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).

Scott County also reports the following major proprietary fund:

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

Additionally, Scott County reports the following fund types:

**Capital Projects Funds** – These funds are used to account for financial resources to be used in the acquisition or construction of major capital projects.

**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 fund:

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

Additionally, the Scott County School Department reports the following fund type:

**Special Revenue Funds** – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. 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 one proprietary fund, an enterprise fund, used to account for the county's wastewater facility. 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 fund are charges for services. Operating expenses for the enterprise fund include various operational expenses for wastewater treatment.

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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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 2.58 percent of total taxes levied.

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

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

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

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. 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

**5. Compensated Absences**

It is the primary government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The discretely presented School Department's policy allows employees to accumulate sick pay benefits but not vacation benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the government, except upon retirement as discussed in Note V.J. 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 fund.

**6. Long-term Obligations**

In the government-wide financial statements and the proprietary fund 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 postclosure care costs, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

**7. Net Assets and Fund Equity**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2009, Scott County had \$13,450,847 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, 2009:

<u>Designation</u>	<u>Amount</u>
Commission District Improvement	\$ 22,433

## 8. Prior-period Adjustments

The following prior-period adjustments were necessary:

- A. The primary government's government-wide Statement of Activities reflects a net prior-period adjustment totaling \$1,604,283 that resulted from the following:
  - 1. The closure of the Solid Waste/Disposal Fund (enterprise fund) resulted in a decrease to beginning net assets of the government-wide governmental activities of \$398,524 and a corresponding increase to beginning net assets of the business-type activities.
  - 2. The landfill postclosure care liability was restated to agree with amounts reflected on the records of the State Department of Environment and Conservation. The restatement resulted in an increase to the liability of \$1,796,889.
  - 3. Capital asset balances were restated to correct the omission of hospital and nursing home assets owned by the county. This resulted in an increase of \$2,612,547 to buildings and an increase of \$2,021,416 to accumulated depreciation, which resulted in a net increase of \$591,131 to beginning net assets of governmental activities.
- B. The School Department's other postemployment benefits liability was restated to correct the prior-year omission of the liability related to a Medicare Supplement Plan. The liability was increased \$31,858.
- C. The Solid Waste/Disposal Fund was an enterprise fund utilized to reflect activity relating to the county owned landfill. The closure of this landfill has been finalized, and management decided to close the enterprise fund into the Solid Waste/Sanitation Fund, a special revenue fund. As a result, beginning fund equity of the Solid Waste Sanitation Fund was increased \$149,896.

**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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/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 Deficits/Net Assets Deficit**

The Community Development/Industrial Park Fund had a deficit in unreserved fund balance of \$29,142 at June 30, 2009. Management has taken steps to liquidate this deficit as of the date of this report.

The General Capital Projects Fund had a deficit in unreserved fund balance of \$290,130 at June 30, 2009, due to the recognition of outstanding construction commitments, which are reserved as encumbrances. There were other loans totaling \$710,510 available on June 30, 2009, to cover these outstanding commitments.

The Education Capital Projects Fund had a deficit in unreserved fund balance of \$16,121 at June 30, 2009, due to the recognition of encumbrances for the unperformed portions of contracts with architects. Loans were issued subsequent to year-end to fund these obligations.

The Other Capital Projects Fund had a deficit in unreserved fund balance of \$186,622 at June 30, 2009, due to the recognition of encumbrances for the unperformed portion of construction contracts. These obligations were funded after year-end with the receipt of federal grants.

The Public Utility Fund (enterprise fund) had a deficit of \$154,607 in unrestricted net assets at June 30, 2009. This deficit was liquidated subsequent to year-end through contributions from the General and Solid Waste/Sanitation funds.

C. **Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund:

Major Category	Amount Overspent
Circuit Court	\$ 100
District Attorney General	3,205
Jail	6,535
Local Health Center	12
Other Economic and Community Development	108
Veterans' Services	22

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state 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, 2009.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2009, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
*Land	\$ 1,966,783	\$ 0	\$ 0	\$ 1,966,783
Construction in Progress	9,257,146	166,356	(8,761,146)	662,356
Total Capital Assets				
Not Depreciated	\$ 11,223,929	\$ 166,356	\$ (8,761,146)	\$ 2,629,139

**Governmental Activities: (Cont.)**

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Depreciated:				
*Buildings and Improvements	\$ 12,643,683	\$ 8,888,747	\$ 0	\$ 21,532,430
Infrastructure	2,428,665	0	0	2,428,665
Other Capital Assets	3,013,714	124,195	(122,874)	3,015,035
<b>Total Capital Assets Depreciated</b>	<b>\$ 18,086,062</b>	<b>\$ 9,012,942</b>	<b>\$ (122,874)</b>	<b>\$ 26,976,130</b>
Less Accumulated Depreciation For:				
*Buildings and Improvements	\$ 5,204,803	\$ 451,434	\$ 0	\$ 5,656,237
Infrastructure	105,125	60,717	0	165,842
Other Capital Assets	1,404,156	297,980	(122,874)	1,579,262
<b>Total Accumulated Depreciation</b>	<b>\$ 6,714,084</b>	<b>\$ 810,131</b>	<b>\$ (122,874)</b>	<b>\$ 7,401,341</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 11,371,978</b>	<b>\$ 8,202,811</b>	<b>\$ 0</b>	<b>\$ 19,574,789</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 22,595,907</b>	<b>\$ 8,369,167</b>	<b>\$ (8,761,146)</b>	<b>\$ 22,203,928</b>

\*The beginning balance in land has been increased \$60,000, and the beginning balances in buildings and improvements and in accumulated depreciation for building and improvements have been increased \$2,638,350 and \$2,046,308, respectively, by prior-period adjustments. These adjustments were made to record capital assets of the Scott County hospital and nursing home and to record capital assets that had previously been reflected in an enterprise fund, which has now been closed. See note I.D.8. for further information.

**Business-type Activities**

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
*Land	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Construction in Progress	1,276,866	34,775	(1,276,866)	34,775
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 1,286,866</b>	<b>\$ 34,775</b>	<b>\$ (1,276,866)</b>	<b>\$ 44,775</b>

**Business-type Activities (Cont.)**

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Depreciated:				
*Buildings and Improvements	\$ 93,542	\$ 0	\$ 0	\$ 93,542
Other Capital Assets	2,621,953	1,276,866	0	3,898,819
Total Capital Assets Depreciated	<u>\$ 2,715,495</u>	<u>\$ 1,276,866</u>	<u>\$ 0</u>	<u>\$ 3,992,361</u>
Less Accumulated Depreciation For:				
*Buildings and Improvements	\$ 60,801	\$ 4,677	\$ 0	\$ 65,478
Other Capital Assets	470,546	79,080	0	549,626
Total Accumulated Depreciation	<u>\$ 531,347</u>	<u>\$ 83,757</u>	<u>\$ 0</u>	<u>\$ 615,104</u>
Total Capital Assets Depreciated, Net	<u>\$ 2,184,148</u>	<u>\$ 1,193,109</u>	<u>\$ 0</u>	<u>\$ 3,377,257</u>
Business-type Activities Capital Assets, Net	<u>\$ 3,471,014</u>	<u>\$ 1,227,884</u>	<u>\$ (1,276,866)</u>	<u>\$ 3,422,032</u>

\*The beginning balances in land and in buildings and improvements, and in the accumulated depreciation for buildings and improvements have been decreased \$60,000, \$25,802, and \$24,890, respectively, by prior-period adjustments. See note I.D.8. for further information.

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

**Governmental Activities:**

General Government	\$ 330,094
Administration of Justice	2,220
Finance	3,044
Public Safety	180,265
Public Health and Welfare	120,187
Other Operations	44,233
Highways	<u>130,088</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 810,131</u>

**Business-type Activities:**

Sewer	<u>\$ 83,757</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 83,757</u>

**Discretely Presented Scott County School Department**

Capital assets activity for the year ended June 30, 2009, was as follows:

**Governmental Activities:**

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 710,561	\$ 0	\$ 0	\$ 710,561
Construction in Progress	234,990	491,838	(257,167)	469,661
Total Capital Assets Not Depreciated	<u>\$ 945,551</u>	<u>\$ 491,838</u>	<u>\$ (257,167)</u>	<u>\$ 1,180,222</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,145,978	\$ 257,167	\$ 0	\$ 19,403,145
Other Capital Assets	3,722,618	312,419	(7,400)	4,027,637
Total Capital Assets Depreciated	<u>\$ 22,868,596</u>	<u>\$ 569,586</u>	<u>\$ (7,400)</u>	<u>\$ 23,430,782</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,843,587	\$ 493,155	\$ 0	\$ 7,336,742
Other Capital Assets	1,976,940	347,592	(6,290)	2,318,242
Total Accumulated Depreciation	<u>\$ 8,820,527</u>	<u>\$ 840,747</u>	<u>\$ (6,290)</u>	<u>\$ 9,654,984</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,048,069</u>	<u>\$ (271,161)</u>	<u>\$ (1,110)</u>	<u>\$ 13,775,798</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,993,620</u>	<u>\$ 220,677</u>	<u>\$ (258,277)</u>	<u>\$ 14,956,020</u>

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

**Governmental Activities:**

Instruction	\$ 25,129
Support Services	808,803
Operation of Non-Instructional Services	<u>6,815</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 840,747</u></u>

**C. Construction Commitments**

At June 30, 2009, the county had uncompleted construction contracts of \$388,401 in the General Capital Projects Fund for a state industrial access road. Funding is being provided for these future expenditures from other loans.

At June 30, 2009, the county had uncompleted construction contracts of \$185,660 in the Other Capital Projects Fund related to the federal HOME grant program. Funding for these future expenditures is being provided by the HOME grant. The county also had \$8,434 of uncompleted engineering contracts related to the construction of an industrial park. Funding has been provided for these future expenditures.

At June 30, 2009, the county had uncompleted contracts of \$ 178,159 in the Education Capital Projects Fund for architect fees related to the renovation of two schools. Funding is being provided for the future expenditures from debt proceeds.

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

The composition of interfund balances as of June 30, 2009, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Ambulance	\$ 105,457
General	Highway/Public Works	9,566
General	Public Utility	112,090
General	Nonmajor governmental	101,094
Public Utility	Nonmajor governmental	32,452
Nonmajor governmental	Public Utility	<u>87,000</u>
Total		<u><u>\$ 447,659</u></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, 2009, consisted of the following amounts:

**Primary Government**

	<u>Transfers In</u>		
	General Fund	Debt Service Fund	Public Utility Fund
<u>Transfers Out</u>			
General Fund	\$ 0	\$ 320,090	\$ 22,498
Ambulance Service Fund	500,000	0	0
Highway/Public Works Fund	0	13,613	0
General Debt Service Fund	0	0	28,340
Total	<u>\$ 500,000</u>	<u>\$ 333,703</u>	<u>\$ 50,838</u>

	<u>Transfer In</u> Nonmajor Governmental Funds
<u>Transfer Out</u>	
General Fund	\$ 71,405

**Discretely Presented Scott County School Department**

	<u>Transfer In</u> General Purpose School Fund
<u>Transfer Out</u>	
Nonmajor governmental fund	\$ 18,962

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 ended June 30, 2005, Scott County entered into an agreement for the operation and lease of the Scott County Hospital. St. Mary's Medical Center of Scott County, Inc., and St. Mary's Health System, Inc., (collectively St. Mary's) is the current lessee.

The agreement also provided for the construction of a new hospital facility by the lessee 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, began receiving a monthly payment of \$83,333. Those payments began in February 2008 and have been credited to the General Fund.

On April 6, 2009, the Scott County Commission amended the agreement pertaining to the hospital lease. 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.

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 \$91,237 annually. The agreement includes a cancellation clause; therefore, a schedule of future income is not prepared for this agreement.

**F. Capital Leases**

**Primary Government**

Scott County has 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 3.47 to 3.99 percent.

Future minimum payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 23,192
Total Minimum Lease Payments	\$ 23,192
Less: Amount Representing Interest	<u>(573)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 22,619</u></u>

**Discretely Presented Scott County School Department**

On May 18, 2009, 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 \$2,499,652 plus interest of 4.62 percent. Title to the upgrades and equipment transferred to the School Department immediately upon acceptance of each upgrade or item of equipment. The General Purpose School Fund is making the lease payments.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 161,625
2011	165,229
2012	170,186
2013	175,291
2014	180,550
2015-2019	987,321
2020-2024	1,144,575
2025-2027	<u>809,247</u>
Total Minimum Lease Payments	\$ 3,794,024
Less: Amount Representing Interest	<u>(1,320,970)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 2,473,054</u></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 27 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 \$1,030,071 and \$31,665 will be retired from the Highway/Public Works and Solid Waste/Sanitation funds, respectively. 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, 2009, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-09</u>
General Obligation Bonds	3 to 5 %	\$ 3,205,000	\$ 2,820,000
General Obligation Bonds - Refunding	1.1 to 4.5	14,707,635	8,345,000
Capital Outlay Notes	3.26 to 5.49	6,604,190	4,741,972
Other Loans	Variable	13,289,490	11,941,390
Capital Leases	3.47 to 3.99	119,671	22,619

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 funds to Scott County for various renovation and construction projects on an as needed basis. 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.

The following table summarizes loan agreements outstanding at June 30, 2009:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-09	Interest Type	Interest Rates as of 6-30-09	Other Fees on Variable Rate Debt
<u>Montgomery County Public Building Authority</u>					
Building and Equipment	\$ 1,000,000	\$ 628,900	Variable	.32 %	.79 %
Various School Projects	3,000,000	2,374,000	Variable	.32	.72
Justice Center	10,000,000	<u>8,938,490</u>	(1) Variable	.32	.45
Total		<u>\$ 11,941,390</u>			

(1) Total available at June 30, 2009, for future draws under this loan agreement is \$710,510.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2009, including interest and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Totals
2010	\$ 855,000	\$ 475,571	\$ 1,330,571
2011	801,000	442,784	1,243,784
2012	812,000	410,879	1,222,879
2013	818,000	377,849	1,195,849
2014	774,000	344,161	1,118,161
2015-2019	1,510,000	1,432,556	2,942,556
2020-2024	2,015,000	1,114,651	3,129,651
2025-2029	3,375,000	535,390	3,910,390
2030-2034	165,000	33,727	198,727
2035	40,000	1,900	41,900
Total	<u>\$ 11,165,000</u>	<u>\$ 5,169,468</u>	<u>\$ 16,334,468</u>

Year Ending June 30	Notes		
	Principal	Interest	Totals
2010	\$ 996,935	\$ 198,808	\$ 1,195,743
2011	610,891	155,434	766,325
2012	1,196,183	124,441	1,320,624
2013	469,877	80,453	550,330
2014	478,771	60,682	539,453
2015-2019	989,315	100,296	1,089,611
Total	\$ 4,741,972	\$ 720,114	\$ 5,462,086

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	\$ 365,500	\$ 38,212	\$ 62,169	\$ 465,881
2011	381,500	37,043	60,020	478,563
2012	397,600	35,822	57,778	491,200
2013	414,700	34,550	55,445	504,695
2014	433,000	33,223	53,016	519,239
2015-2019	2,466,700	144,068	224,863	2,835,631
2020-2024	2,617,900	101,702	148,486	2,868,088
2025-2029	2,168,000	64,635	90,444	2,323,079
2030-2034	2,696,490	26,293	36,791	2,759,574
Total	\$ 11,941,390	\$ 515,548	\$ 789,012	\$ 13,245,950

There is \$696,803 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$135, based on the 2000 federal census for residents living inside the Oneida School District and \$610, for residents living outside the Oneida School District. Debt per capita, including notes, other loans, and capital leases totaled \$700, for residents living inside the Oneida Special School District and \$1,588, for residents living outside the Oneida Special School District.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Bonds	*Notes	Capital Leases
Balance, July 1, 2008	\$ 12,064,000	\$ 4,327,921	\$ 47,507
Additions	0	968,822	0
Deductions	(899,000)	(554,771)	(24,888)
Balance, June 30, 2009	<u>\$ 11,165,000</u>	<u>\$ 4,741,972</u>	<u>\$ 22,619</u>
Balance Due Within One Year	<u>\$ 855,000</u>	<u>\$ 996,935</u>	<u>\$ 22,619</u>

	Other Loans	Compensated Absences	*Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2008	\$ 11,970,760	\$ 182,479	\$ 2,366,889
Additions	321,230	222,635	56,292
Deductions	(350,600)	(208,670)	(21,375)
Balance, June 30, 2009	<u>\$ 11,941,390</u>	<u>\$ 196,444</u>	<u>\$ 2,401,806</u>
Balance Due Within One Year	<u>\$ 365,500</u>	<u>\$ 157,155</u>	<u>\$ 83,576</u>

\*Landfill notes totaling \$39,332 and postclosure care costs were previously reported as enterprise fund debt. That enterprise fund has been closed and those liabilities are now reflected as long-term debt of the county. See note I.D.8., prior-period adjustments for further discussion.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 30,469,231
Less: Balance Due Within One Year	(2,480,785)
Less: Deferred Amount on Refunding	(36,662)
Add: Unamortized Premium on Debt	<u>27,814</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 27,979,598</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 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. The Rural Debt Service Fund recognized \$218,210 in interest income from the trust during the year.

**Public Utility Fund (enterprise fund)**

The annual requirements to amortize all outstanding bonds at June 30, 2009, including interest payments, are as follows:

Year Ending June 30	Public Utility Fund Bonds	
	Principal	Interest
2010	17,991	28,644
2011	18,120	28,065
2012	18,241	27,480
2013	23,410	26,829
2014	23,544	26,036
2015-2019	130,160	116,225
2020-2024	159,923	86,552
2025-2029	135,813	46,858
2030-2034	38,094	29,708
2035-2039	47,095	20,704
2040-2044	58,224	9,575
2045-2046	14,426	363
Total	<u>\$ 685,041</u>	<u>\$ 447,039</u>

Changes in Long-term Liabilities

Long-term liability activity for the Public Utility Fund for the year ended June 30, 2009, was as follows:

Business-type Activities:

	Public Utility Fund Bonds
Balance, July 1, 2008	\$ 697,922
Deductions	(12,881)
Balance, June 30, 2009	\$ 685,041
Balance Due Within One Year	\$ 17,991

The outstanding bonds are payable from the Public Utility Fund and include two issues: Refunding Bonds of \$435,000 issued October 21, 2003, and Sewer Revenue and Tax Bonds of \$250,041 issued September 28, 2007. 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.

**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, 2009, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Capital Leases
Balance, July 1, 2008	\$ 419,814	\$ 2,442,680
Additions	551,355	56,972
Deductions	(113,245)	(26,598)
Balance, June 30, 2009	\$ 857,924	\$ 2,473,054
Balance Due Within One Year	\$ 0	\$ 48,376

\*The beginning balance in other postemployment benefits has been increased \$31,858 by a prior-period adjustment to record liabilities under a Medicare Supplement Plan as described in note I.D.8.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 3,330,978
Less: Balance Due Within One Year	<u>(48,376)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,282,602</u>

**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, 2009, were \$77,760 and \$16,868, 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 LEGIF 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. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Scott County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Scott County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Scott County for the year ended June 30, 2009, since the county had no endowment investments in land or other real estate. However, it is reasonably expected that Scott County could have such endowment investments in subsequent years.

**C. Subsequent Events**

On August 31, 2009, the county issued three-year capital outlay notes totaling \$600,000 to provide funds for the resurfacing of county roads.

On November 9, 2009, the county issued a general obligation bond anticipation note totaling \$2,000,000 to provide short-term financing for school capital projects until long-term financing could be secured. This note was retired on December 28, 2009, with the proceeds of a loan agreement with the Public Building Authority of the City of Clarksville.

On November 16, 2009, the county retired, prior to maturity, its outstanding capital outlay note for Robbins and Burchfield School Improvements totaling \$662,204. Funds for the retirement were provided by the general obligation bond anticipation note referred to above.

On December 15, 2009, the county issued adjustable rate loans with the Public Building Authority of the City of Clarksville totaling \$13,940,000 to provide funds for financing the acquisition, construction, renovation, improvement, and equipping of schools within the county.

On February 9, 2010, the county issued a three-year capital outlay note totaling \$434,103 to refinance a loan previously issued by the Scott County Airport Authority for construction of an aircraft hangar at the airport. The agreement provided for future revenue generated by the lease of the hangar to be remitted to the county.

Subsequent to June 30, 2009, the Scott County Commission agreed to a payment of \$125,000 and a purchase of land for \$17,102 in settlement of a lawsuit filed by Oneida Farms Development.

Subsequent to June 30, 2009, the county purchased land adjacent to the Burchfield Elementary School property for \$200,000.

Subsequent to June 30, 2009, the county authorized the issuance of a capital outlay note to fund the purchase of three tractors for \$27,479 each and related mowing equipment.

**D. Contingent Liabilities**

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 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.
2. A lawsuit filed in the Scott County Circuit Court by an individual because the county refused to issue him a permit allowing him to construct a sanitary landfill on the subject property. Potential exposure to the county in this case exceeds \$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 seeking compensatory damages of \$2.5 million and punitive damages of \$500,000 concerning the death of a county deputy sheriff.
- b. A case filed in the Scott County Circuit Court alleging that the county was negligent in its maintenance of a county road, causing the plaintiff's injury. The case is currently set for trial on June 29, 2010. Potential exposure exceeds \$10,000.
- c. A case filed in Scott County Chancery Court on June 22, 2007, by an individual who alleges that the Scott County Road Department changed the flow of water run-off causing damage to the plaintiff's property. Potential exposure exceeds \$10,000.
- d. 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.
- e. A case filed in U.S. District Court on March 11, 2009, alleging that an inmate of the Scott County jail in March 2009 was denied proper medical care causing various complications. The plaintiff seeks \$9 million in compensatory damages and an additional \$9 million in punitive damages. The county's potential liability, if any, is unknown, but could exceed \$10,000.
- f. A case filed in the Scott County Circuit Court on July 16, 2009, alleging that the defendants (Scott County, the Ambulance Service, and an employee) were negligent in the transport of an individual, which ultimately caused his death. The plaintiff seeks damages up to \$2,000,000.
- g. A case filed in the Scott County Circuit Court on December 23, 2009, by an individual alleging that the defendants (The Eighth Judicial District Drug Task Force, the Scott County Sheriff's Department, and employees/agents) wrongfully arrested and prosecuted him. The county's potential liability, if any, is unknown, but could exceed \$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.

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

Scott County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the state Department of Environment and Conservation.

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. Although closure and postclosure care cost will be paid only near of after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Scott County closed its sanitary landfill in 2007. The \$2,401,806 reported as postclosure care liability at June 30, 2009, represents amounts based on what it would cost to perform all postclosure care in 2009. Actual cost may be different due to inflation, changes in technology, or changes in regulations.

**F. 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, 2009, 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

**G. 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, 2009.

## **H. 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 [www.tn.gov/treasury/tcrs](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, 2009, was 5.9 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Scott County is established and may be amended by the TCRS Board of Trustees.

## Annual Pension Cost

For the year ended June 30, 2009, Scott County's annual pension cost of \$472,184 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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, 2007, was eight 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
6-30-09	\$472,184	100%	\$0
6-30-08	372,462	100	0
6-30-07	347,120	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 School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs](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 School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of

Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were \$671,478, \$637,969, and \$594,307, respectively, equal to the required contributions for each year.

## **I Other Postemployment Benefits (OPEB)**

### **Primary Government**

As a phase three county that allows pre-65 age retirees to participate in the commercial health insurance plan, Scott County should present other postemployment benefits information for the year ending June 30, 2010, after obtaining an actuarial study.

### **Discretely Presented Scott County School Department**

#### **Plan Description**

The School Department participates in the state-administered Local Education Group Insurance Plan and the Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for teachers and Section 8-27-701, TCA, for the Medicare Supplement. 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 plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at [www.tn.gov/finance/act/cafr.html](http://www.tn.gov/finance/act/cafr.html).

#### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2009, the School Department contributed \$113,245 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 514,000	\$ 36,850
Interest on the NPO	17,458	1,434
Adjustment to the ARC	(16,992)	(1,395)
Annual OPEB cost	\$ 514,466	\$ 36,889
Amount of contribution	(108,507)	(4,738)
Increase/decrease in NPO	\$ 405,959	\$ 32,151
Net OPEB obligation, 7-1-08*	387,956	31,858
Net OPEB obligation, 6-30-09	\$ 793,915	\$ 64,009

\*The net OPEB obligation at July 1, 2008, for the Medicare Supplement Plan was recorded as a prior-period adjustment as described in note I.D.8.

Fiscal Year Ended*	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 508,000	24 %	\$ 387,956
6-30-09	"	514,466	21	793,915
6-30-08	Medicare Supplement	36,180	12	31,858
6-30-09	"	36,889	13	64,009

\* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 4,363,000	\$ 513,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,363,000	\$ 513,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 10,308,053	N/A
UAAL as a % of covered payroll	42%	N/A

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 multiyear 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.

#### **J. Termination Benefits**

During the year, the Scott County Board of Education adopted the policy to pay certified employees \$50 for each sick leave day that they had accumulated at the time of their retirement. Since payments will be calculated and made at the actual time of retirement, the amount of future payments is not measurable at June 30, 2009. Payments totaling \$32,125 were paid to individuals who retired during the year ending June 30, 2009.

#### **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**

**The Financial Reporting Entity** – The Scott County Emergency Communications District was formed under Tennessee Code Annotated, Title 7, Section 86, Emergency Communications Districts. The district is a component unit of Scott County, Tennessee, because the district is legally separate, and the County Commission appoints the members of the board of directors of the district. The commission can impose its will by changing the telephone surcharge rate, and by the approval of debt and borrowings.

**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 are recorded when incurred, regardless of the timing of related cash flows.

**Income Taxes** – The district is exempt from federal income taxes because of its creation by the Scott County Government.

**Revenue** – Operating revenues consist primarily from Highland Telephone Cooperative authorization to charge residents \$.65 and businesses \$2 per month. As of June 30, 2009, 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.

**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.

**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 \$16,142 on all investments for the year ended June 30, 2009.

**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, the 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. The district has an agreement with one bank for balances above 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 value of the district's deposits was \$771,111, and the bank balance was \$785,197. Of that amount, \$785,197 was insured by FDIC insurance.

**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.

**Capital Assets** – Capital assets are defined by the government 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 the 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 \$26,311.

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
	7-1-08	Additions	6-30-09
<u>Equipment</u>			
Office Equipment	\$ 10,271	\$ 0	\$ 10,271
Communication Equipment	330,193	56,715	386,908
Vehicles	24,500	0	24,500
	<u>\$ 364,964</u>	<u>\$ 56,715</u>	<u>\$ 421,679</u>
<u>Accumulated Depreciation</u>			
Office Equipment	\$ (7,552)	\$ (778)	\$ (8,330)
Communication Equipment	(260,519)	(22,033)	(282,552)
Vehicles	(13,417)	(3,500)	(16,917)
	<u>\$ (281,488)</u>	<u>\$ (26,311)</u>	<u>\$ (307,799)</u>
Net Investment in Capital Assets	<u>\$ 83,476</u>	<u>\$ 30,404</u>	<u>\$ 113,880</u>

**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 \$2,000,000 each occurrence and \$5,000,000 aggregate with \$5,000 medical payments. The settlements have not exceeded insurance amounts in the past three years.

**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.

The district is required by state statute to adopt the annual budget. The annual budget is 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 board of directors and any authorized revisions. Unencumbered appropriations lapse at the end of each year.

The budgetary level of control is at the line-item level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee.

The district's budgetary basis of accounting is on the modified cash basis. A reconciliation to GAAP is presented on the face of the budgetary schedule.

#### **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 reported amounts and disclosures. Accordingly, actual results could be different from those estimates.

### **B. The Officers' and Employees' Bonds of the District**

The district maintains an insurance policy against officers and employee forgery or alteration as required by Tennessee Code Annotated, Section 7-86-119 with a policy limit of \$12,500; theft of money and securities with a policy limit 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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,312,120	\$ 2,182,045	\$ 2,212,909	\$ 99,211
Licenses and Permits	22,271	19,600	21,292	979
Fines, Forfeitures, and Penalties	139,598	146,363	147,713	(8,115)
Charges for Current Services	360,840	406,000	408,000	(47,160)
Other Local Revenues	1,462,379	1,131,918	1,061,732	400,647
Fees Received from County Officials	855,733	839,000	844,483	11,250
State of Tennessee	1,419,301	1,694,950	1,868,365	(449,064)
Federal Government	171,875	28,396	131,351	40,524
Other Governments and Citizens Groups	234,145	0	249,993	(15,848)
Total Revenues	<u>\$ 6,978,262</u>	<u>\$ 6,448,272</u>	<u>\$ 6,945,838</u>	<u>\$ 32,424</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 168,773	\$ 162,733	\$ 173,348	\$ 4,575
County Mayor/Executive	167,749	194,127	175,407	7,658
County Attorney	54,732	54,733	54,733	1
Election Commission	184,913	207,389	202,889	17,976
Register of Deeds	162,338	145,052	162,520	182
Development	169,225	201,425	201,425	32,200
County Buildings	452,108	380,972	460,630	8,522
<u>Finance</u>				
Accounting and Budgeting	239,808	244,520	244,520	4,712
Property Assessor's Office	167,627	175,711	175,711	8,084
County Trustee's Office	141,007	144,199	144,199	3,192
County Clerk's Office	189,744	203,692	203,692	13,948
<u>Administration of Justice</u>				
Circuit Court	227,688	224,055	227,588	(100)
General Sessions Court	249,153	264,232	256,232	7,079
Chancery Court	121,573	124,155	124,155	2,582
District Attorney General	50,618	40,000	47,413	(3,205)
<u>Public Safety</u>				
Sheriff's Department	1,317,381	1,324,821	1,348,744	31,363
Drug Enforcement	869	34,036	4,973	4,104
Jail	1,287,127	1,140,367	1,280,592	(6,535)
Juvenile Services	285,386	271,326	291,320	5,934
Fire Prevention and Control	2,000	2,000	2,000	0
Civil Defense	99,952	27,542	102,042	2,090
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	54,282	54,270	54,270	(12)
Other Local Health Services	170,767	185,000	185,000	14,233
General Welfare Assistance	1,750	2,250	2,250	500

(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	\$ 0	\$ 244	\$ 244	\$ 244
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	53,465	53,535	55,786	2,321
Libraries	52,097	49,235	53,180	1,083
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	41,266	41,907	41,907	641
<u>Other Operations</u>				
Tourism	53,869	54,274	54,274	405
Other Economic and Community Development	51,261	51,153	51,153	(108)
Airport	333,632	406,459	406,459	72,827
Veterans' Services	37,323	37,301	37,301	(22)
Other Charges	48,568	0	48,568	0
Contributions to Other Agencies	135,154	95,850	142,814	7,660
Miscellaneous	427,782	317,632	441,445	13,663
<u>Highways</u>				
Highway and Bridge Maintenance	235	235	235	0
<u>Instruction</u>				
Vocational Education Program	0	25,343	0	0
Total Expenditures	\$ 7,217,183	\$ 6,957,775	\$ 7,475,019	\$ 257,836
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (238,921)	\$ (509,503)	\$ (529,181)	\$ 290,260
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 106,618	\$ 0	\$ 0	\$ 106,618
Transfers In	500,000	500,000	500,000	0
Transfers Out	(413,993)	(617,095)	(617,095)	203,102
Total Other Financing Sources (Uses)	\$ 192,625	\$ (117,095)	\$ (117,095)	\$ 309,720
Net Change in Fund Balance				
Fund Balance, July 1, 2008	\$ (46,296)	\$ (626,598)	\$ (646,276)	\$ 599,980
	2,173,996	2,527,703	2,527,703	(353,707)
Fund Balance, June 30, 2009				
	\$ 2,127,700	\$ 1,901,105	\$ 1,881,427	\$ 246,273

Exhibit F-2

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 2,244,935	\$ 2,262,847	\$ 2,262,847	\$ (17,912)
Other Local Revenues	898	0	572	326
Total Revenues	<u>\$ 2,245,833</u>	<u>\$ 2,262,847</u>	<u>\$ 2,263,419</u>	<u>\$ (17,586)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,763,739	\$ 1,701,904	\$ 1,860,955	\$ 97,216
Total Expenditures	<u>\$ 1,763,739</u>	<u>\$ 1,701,904</u>	<u>\$ 1,860,955</u>	<u>\$ 97,216</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 482,094</u>	<u>\$ 560,943</u>	<u>\$ 402,464</u>	<u>\$ 79,630</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (500,000)	\$ (500,000)	\$ (500,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (17,906)	\$ 60,943	\$ (97,536)	\$ 79,630
Fund Balance, July 1, 2008	<u>275,372</u>	<u>192,543</u>	<u>192,543</u>	<u>82,829</u>
Fund Balance, June 30, 2009	<u>\$ 257,466</u>	<u>\$ 253,486</u>	<u>\$ 95,007</u>	<u>\$ 162,459</u>

Exhibit F-3

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 235	\$ 235	\$ 235	\$ 0
Other Local Revenues	46,210	2,000	21,497	24,713
State of Tennessee	1,923,713	1,980,800	1,980,800	(57,087)
Other Governments and Citizens Groups	38,172	0	0	38,172
Total Revenues	<u>\$ 2,008,330</u>	<u>\$ 1,983,035</u>	<u>\$ 2,002,532</u>	<u>\$ 5,798</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 105,428	\$ 103,490	\$ 107,288	\$ 1,860
Highway and Bridge Maintenance	1,037,013	912,300	1,137,022	100,009
Operation and Maintenance of Equipment	287,716	313,150	306,535	18,819
Other Charges	61,585	64,902	65,028	3,443
Employee Benefits	105,556	116,697	113,928	8,372
Capital Outlay	187,519	300,000	358,590	171,071
<u>Principal on Debt</u>				
Highways and Streets	131,652	140,831	131,985	333
<u>Interest on Debt</u>				
Highways and Streets	39,904	43,310	39,943	39
Total Expenditures	<u>\$ 1,956,373</u>	<u>\$ 1,994,680</u>	<u>\$ 2,260,319</u>	<u>\$ 303,946</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 51,957</u>	<u>\$ (11,645)</u>	<u>\$ (257,787)</u>	<u>\$ 309,744</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 200,000	\$ 0	\$ 200,000	\$ 0
Insurance Recovery	4,512	0	0	4,512
Transfers Out	(13,613)	0	(13,613)	0
Total Other Financing Sources (Uses)	<u>\$ 190,899</u>	<u>\$ 0</u>	<u>\$ 186,387</u>	<u>\$ 4,512</u>
Net Change in Fund Balance	\$ 242,856	\$ (11,645)	\$ (71,400)	\$ 314,256
Fund Balance, July 1, 2008	<u>395,000</u>	<u>301,293</u>	<u>301,293</u>	<u>93,707</u>
Fund Balance, June 30, 2009	<u>\$ 637,856</u>	<u>\$ 289,648</u>	<u>\$ 229,893</u>	<u>\$ 407,963</u>

Exhibit F-4

Scott County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Scott County School Department  
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	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)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	7-1-07	\$ 16,847	\$ 17,150	\$ 663	96.21 %	\$ 5,955	11.13 %
6-30-08	7-1-07	16,847	17,150	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 2007-08 year; therefore, only two years of data are presented.

Exhibit F-5

Scott County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Scott County School Department  
June 30, 2009

(Dollar amounts in thousands)

Plans	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	6-30-08	7-1-07	\$ 0	\$ 4,363	\$ 4,363	0	\$ 9,911	44 %
"	6-30-09	7-1-07	0	4,363	4,363	0	9,911	44
Medicare Supplement	6-30-08	7-1-07	0	513	513	0	N/A	N/A
"	6-30-09	7-1-07	0	513	513	0	N/A	N/A

\*Data only available for two years.

**SCOTT COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2009**

**A. BUDGETARY INFORMATION**

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the 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.

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund:

Major Category	Amount Overspent
Circuit Court	\$ 100
District Attorney General	3,205
Jail	6,535
Local Health Center	12
Other Economic and Community Development	108
Veterans' Services	22

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions 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

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

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for the activities related to community development and industrial park projects.

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 to the federal HOME Grant.

Scott County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2009

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees		
\$	0 \$	0 \$	0 \$	500 \$	500	
Equity in Pooled Cash and Investments	134,270	4,364	95,324	0	233,958	
Accounts Receivable	38,878	0	0	594	39,472	
Due from Other Governments	15,218	0	5,771	0	20,989	
Due from Other Funds	87,000	0	0	0	87,000	
Total Assets	\$ 275,366	\$ 4,364	\$ 101,095	\$ 1,094	\$ 381,919	

ASSETS

Cash	0 \$	0 \$	0 \$	500 \$	500
Equity in Pooled Cash and Investments	134,270	4,364	95,324	0	233,958
Accounts Receivable	38,878	0	0	594	39,472
Due from Other Governments	15,218	0	5,771	0	20,989
Due from Other Funds	87,000	0	0	0	87,000
Total Assets	\$ 275,366	\$ 4,364	\$ 101,095	\$ 1,094	\$ 381,919

LIABILITIES AND FUND BALANCES

Liabilities					
Accounts Payable	5,476 \$	0 \$	4,416 \$	0 \$	9,892
Accrued Payroll	780	0	1,797	0	2,577
Contracts Payable	0	0	0	0	0
Retainage Payable	0	0	0	0	0
Due to Other Funds	0	0	0	1,094	1,094
Other Deferred Revenues	11,644	0	0	0	11,644
Total Liabilities	\$ 17,900	\$ 0	\$ 6,213	\$ 1,094	\$ 25,207
Fund Balances					
Reserved for Encumbrances	0 \$	0 \$	0 \$	0 \$	0
Other Federal Reserves	0	0	0	0	0
Unreserved (Deficit)	257,466	4,364	94,882	0	356,712
Total Fund Balances	\$ 257,466	\$ 4,364	\$ 94,882	\$ 0	\$ 356,712
Total Liabilities and Fund Balances	\$ 275,366	\$ 4,364	\$ 101,095	\$ 1,094	\$ 381,919

(Continued)

Exhibit G-1

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

	Capital Projects Funds						Total Nonmajor Governmental Funds
	Community Development/ Industrial Park		Education Capital Projects		Other Capital Projects		
	General Capital Projects	0 \$	0 \$	0 \$	0 \$	0 \$	
Cash	0	0	0	0	0	0	500
Equity in Pooled Cash and Investments	221,555	38,310	162,038	68,167	490,070	724,028	
Accounts Receivable	0	0	0	0	0	39,472	
Due from Other Governments	100,000	0	0	0	100,000	120,989	
Due from Other Funds	0	0	0	0	0	87,000	
Total Assets	\$ 321,555	\$ 38,310	\$ 162,038	\$ 68,167	\$ 590,070	\$ 971,989	

ASSETS

Cash	0
Equity in Pooled Cash and Investments	221,555
Accounts Receivable	0
Due from Other Governments	100,000
Due from Other Funds	0
Total Assets	\$ 321,555

LIABILITIES AND FUND BALANCES

	Capital Projects Funds						Total Nonmajor Governmental Funds
	Community Development/ Industrial Park		Education Capital Projects		Other Capital Projects		
	General Capital Projects	0 \$	0 \$	0 \$	0 \$	0 \$	
Liabilities	1,419	0	0	1,000	2,419	12,311	
Accounts Payable	0	0	0	0	0	2,577	
Accrued Payroll	0	0	0	59,695	59,695	59,695	
Contracts Payable	21,865	0	0	0	21,865	21,865	
Retainage Payable	100,000	32,452	0	0	132,452	133,546	
Due to Other Funds	100,000	0	0	0	100,000	111,644	
Other Deferred Revenues	223,284	32,452	0	60,695	316,431	341,638	
Total Liabilities	\$ 388,401	\$ 0	\$ 178,159	\$ 194,094	\$ 760,654	\$ 760,654	
Fund Balances	0	35,000	0	0	35,000	35,000	
Reserved for Encumbrances	(290,130)	(29,142)	(16,121)	(186,622)	(522,015)	(165,303)	
Other Federal Reserves	98,271	5,858	162,038	7,472	273,639	630,351	
Unreserved (Deficit)	\$ 321,555	\$ 38,310	\$ 162,038	\$ 68,167	\$ 590,070	\$ 971,989	
Total Fund Balances							
Total Liabilities and Fund Balances							

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, 2009

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees		
<u>Revenues</u>						
Fines, Forfeitures, and Penalties Charges for Current Services	\$ 0	\$ 55,971	\$ 123,463	\$ 0	\$ 0	\$ 179,434
Other Local Revenues	129,479	0	0	8,934	0	138,413
State of Tennessee	6,575	95	3,941	0	0	10,611
Federal Government	44,197	0	0	0	0	44,197
Total Revenues	\$ 180,251	\$ 56,066	\$ 127,404	\$ 8,934	\$ 0	\$ 372,655
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 100	\$ 0	\$ 100
Administration of Justice	0	0	205,971	8,834	0	214,805
Public Health and Welfare	132,560	0	0	0	0	132,560
Other Operations	0	55,338	0	0	0	55,338
Highways	11,978	0	0	0	0	11,978
Debt Service:						
Principal on Debt	7,667	0	0	0	0	7,667
Interest on Debt	1,708	0	0	0	0	1,708
Capital Projects	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0
Total Expenditures	\$ 153,913	\$ 55,338	\$ 205,971	\$ 8,934	\$ 0	\$ 424,156
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,338	\$ 728	\$ (78,567)	\$ 0	\$ 0	\$ (51,501)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Loans Issued	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees		
Net Change in Fund Balances	\$ 26,338	\$ 728	\$ (78,567)	\$ 0	\$ 0	(51,501)
Fund Balance, July 1, 2008	81,232	3,636	173,449	0	0	258,317
Prior-period Adjustment	149,896	0	0	0	0	149,896
Fund Balance, June 30, 2009	\$ 257,466	\$ 4,364	\$ 94,882	\$ 0	\$ 0	\$ 356,712

Exhibit G-2

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	179,434
Charges for Current Services	150	0	0	0	150	138,563
Other Local Revenues	6,332	0	0	5,350	11,682	22,293
State of Tennessee	0	0	0	0	0	44,197
Federal Government	0	0	0	58,416	58,416	58,416
Total Revenues	\$ 6,482	\$ 0	\$ 0	\$ 63,766	\$ 70,248	\$ 442,903
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	100
Administration of Justice	0	0	0	0	0	214,805
Public Health and Welfare	0	0	0	0	0	132,560
Other Operations	0	0	0	0	0	55,338
Highways	0	0	0	0	0	11,978
Debt Service:						
Principal on Debt	0	0	0	0	0	7,667
Interest on Debt	0	0	0	0	0	1,708
Capital Projects	456,061	0	0	99,762	555,823	555,823
Capital Projects - Donated	0	0	699,682	0	699,682	699,682
Total Expenditures	\$ 456,061	\$ 0	\$ 699,682	\$ 99,762	\$ 1,255,505	\$ 1,679,661
Excess (Deficiency) of Revenues Over Expenditures	\$ (449,579)	\$ 0	\$ (699,682)	\$ (35,996)	\$ (1,185,257)	\$ (1,236,758)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 662,204	\$ 0	\$ 662,204	\$ 662,204
Other Loans Issued	321,230	0	0	0	321,230	321,230
Transfers In	25,000	0	0	46,405	71,405	71,405
Total Other Financing Sources (Uses)	\$ 346,230	\$ 0	\$ 662,204	\$ 46,405	\$ 1,054,839	\$ 1,054,839

(Continued)

Exhibit G-2

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Education Capital Projects	Other Capital Projects	Total	
Net Change in Fund Balances	\$ (103,349)	\$ 0	\$ (37,478)	\$ 10,409	\$ (130,418)	\$ (181,919)
Fund Balance, July 1, 2008	201,620	5,858	199,516	(2,937)	404,057	662,374
Prior-period Adjustment	0	0	0	0	0	149,896
Fund Balance, June 30, 2009	\$ 98,271	\$ 5,858	\$ 162,038	\$ 7,472	\$ 273,639	\$ 630,351

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 129,479	\$ 1,200	\$ 118,461	\$ 11,018
Other Local Revenues	6,575	5,500	7,979	(1,404)
State of Tennessee	44,197	39,637	39,837	4,360
Total Revenues	<u>\$ 180,251</u>	<u>\$ 46,337</u>	<u>\$ 166,277</u>	<u>\$ 13,974</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Recycling Center	\$ 111,185	\$ 110,729	\$ 113,908	\$ 2,723
Postclosure Care Costs	21,375	0	21,375	0
<u>Highways</u>				
Litter and Trash Collection	11,978	20,000	20,000	8,022
<u>Principal on Debt</u>				
General Government	7,667	0	7,667	0
<u>Interest on Debt</u>				
General Government	1,708	0	1,708	0
Total Expenditures	<u>\$ 153,913</u>	<u>\$ 130,729</u>	<u>\$ 164,658</u>	<u>\$ 10,745</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 26,338</u>	<u>\$ (84,392)</u>	<u>\$ 1,619</u>	<u>\$ 24,719</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 85,000	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 85,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 26,338	\$ 608	\$ 1,619	\$ 24,719
Fund Balance, July 1, 2008	81,232	54,859	54,859	26,373
Prior-period Adjustment	149,896	0	0	149,896
Fund Balance, June 30, 2009	<u>\$ 257,466</u>	<u>\$ 55,467</u>	<u>\$ 56,478</u>	<u>\$ 200,988</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 55,971	\$ 49,636	\$ 56,277	\$ (306)
Other Local Revenues	95	0	0	95
Total Revenues	<u>\$ 56,066</u>	<u>\$ 49,636</u>	<u>\$ 56,277</u>	<u>\$ (211)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 55,338	\$ 49,636	\$ 56,277	\$ 939
Total Expenditures	<u>\$ 55,338</u>	<u>\$ 49,636</u>	<u>\$ 56,277</u>	<u>\$ 939</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 728</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 728</u>
Net Change in Fund Balance	\$ 728	\$ 0	\$ 0	\$ 728
Fund Balance, July 1, 2008	3,636	2,385	2,385	1,251
Fund Balance, June 30, 2009	<u>\$ 4,364</u>	<u>\$ 2,385</u>	<u>\$ 2,385</u>	<u>\$ 1,979</u>

# Major Governmental Funds

## Debt Service Funds

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

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General Debt Service Fund – The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, 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 costs 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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 836,402	\$ 868,826	\$ 868,826	\$ (32,424)
Licenses and Permits	855	600	600	255
Other Local Revenues	107,310	111,907	111,907	(4,597)
Other Governments and Citizens Groups	91,125	0	0	91,125
Total Revenues	<u>\$ 1,035,692</u>	<u>\$ 981,333</u>	<u>\$ 981,333</u>	<u>\$ 54,359</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 798,906	\$ 816,572	\$ 798,906	\$ 0
<u>Interest on Debt</u>				
General Government	352,212	746,856	727,564	375,352
<u>Other Debt Service</u>				
General Government	29,677	35,000	35,000	5,323
Total Expenditures	<u>\$ 1,180,795</u>	<u>\$ 1,598,428</u>	<u>\$ 1,561,470</u>	<u>\$ 380,675</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (145,103)</u>	<u>\$ (617,095)</u>	<u>\$ (580,137)</u>	<u>\$ 435,034</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 333,703	\$ 617,095	\$ 608,477	\$ (274,774)
Transfers Out	(28,340)	0	(28,340)	0
Total Other Financing Sources (Uses)	<u>\$ 305,363</u>	<u>\$ 617,095</u>	<u>\$ 580,137</u>	<u>\$ (274,774)</u>
Net Change in Fund Balance	\$ 160,260	\$ 0	\$ 0	\$ 160,260
Fund Balance, July 1, 2008	<u>222,212</u>	<u>216,266</u>	<u>216,266</u>	<u>5,946</u>
Fund Balance, June 30, 2009	<u><u>\$ 382,472</u></u>	<u><u>\$ 216,266</u></u>	<u><u>\$ 216,266</u></u>	<u><u>\$ 166,206</u></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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,156,014	\$ 1,169,270	\$ 1,169,270	\$ (13,256)
Other Local Revenues	218,210	177,220	177,220	40,990
Other Governments and Citizens Groups	185,773	185,773	185,773	0
Total Revenues	<u>\$ 1,559,997</u>	<u>\$ 1,532,263</u>	<u>\$ 1,532,263</u>	<u>\$ 27,734</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 891,034	\$ 891,035	\$ 891,035	\$ 1
<u>Interest on Debt</u>				
Education	509,463	593,707	593,707	84,244
<u>Other Debt Service</u>				
Education	25,964	30,000	30,000	4,036
Total Expenditures	<u>\$ 1,426,461</u>	<u>\$ 1,514,742</u>	<u>\$ 1,514,742</u>	<u>\$ 88,281</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 133,536</u>	<u>\$ 17,521</u>	<u>\$ 17,521</u>	<u>\$ 116,015</u>
Net Change in Fund Balance	\$ 133,536	\$ 17,521	\$ 17,521	\$ 116,015
Fund Balance, July 1, 2008	<u>180,795</u>	<u>204,089</u>	<u>204,089</u>	<u>(23,294)</u>
Fund Balance, June 30, 2009	<u>\$ 314,331</u>	<u>\$ 221,610</u>	<u>\$ 221,610</u>	<u>\$ 92,721</u>

# Fiduciary Funds

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

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

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

City School ADA - Oneida Fund – The City School ADA - Oneida Fund is used to account for the city school system's share of education revenues collected by the county, which must be apportioned between the various 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 Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2009

	Agency Funds						Total
	Cities - Sales Tax	Special School District	City School ADA - Oneida	Constitu- tional Officers - Agency	Judicial District Drug		
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 503,553	\$ 0	\$ 0	\$ 503,553
Equity in Pooled Cash and Investments	0	3,532	57,630	0	120,887	0	182,049
Accounts Receivable	0	0	0	0	4,040	0	4,040
Due from Other Governments	238,651	0	91,385	0	4,218	0	334,254
Property Taxes Receivable	0	498,809	956,313	0	0	0	1,455,122
Allowance for Uncollectible Property Taxes	0	(23,367)	(44,437)	0	0	0	(67,804)
Total Assets	\$ 238,651	\$ 478,974	\$ 1,060,891	\$ 503,553	\$ 129,145	\$ 0	\$ 2,411,214
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 238,651	\$ 478,974	\$ 1,060,891	\$ 0	\$ 0	\$ 0	\$ 1,778,516
Due to Litigants, Heirs, and Others	0	0	0	503,553	0	0	503,553
Due to Joint Venture	0	0	0	0	129,145	0	129,145
Total Liabilities	\$ 238,651	\$ 478,974	\$ 1,060,891	\$ 503,553	\$ 129,145	\$ 0	\$ 2,411,214

## Exhibit I-2

Scott County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,439,812	\$ 1,439,812	\$ 0
Due from Other Governments	263,875	238,651	263,875	238,651
Total Assets	\$ 263,875	\$ 1,678,463	\$ 1,703,687	\$ 238,651
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 263,875	\$ 1,678,463	\$ 1,703,687	\$ 238,651
Total Liabilities	\$ 263,875	\$ 1,678,463	\$ 1,703,687	\$ 238,651
<u>Special School District</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 6,944	\$ 383,937	\$ 387,349	\$ 3,532
Property Taxes Receivable	499,335	498,809	499,335	498,809
Allowance for Uncollectible Taxes	(20,713)	(23,367)	(20,713)	(23,367)
Total Assets	\$ 485,566	\$ 859,379	\$ 865,971	\$ 478,974
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 485,566	\$ 859,379	\$ 865,971	\$ 478,974
Total Liabilities	\$ 485,566	\$ 859,379	\$ 865,971	\$ 478,974
<u>City School ADA - Oneida Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 59,040	\$ 1,389,974	\$ 1,391,384	\$ 57,630
Due from Other Governments	130,648	91,385	130,648	91,385
Property Taxes Receivable	959,330	956,313	959,330	956,313
Allowance for Uncollectible Taxes	(35,356)	(44,437)	(35,356)	(44,437)
Total Assets	\$ 1,113,662	\$ 2,393,235	\$ 2,446,006	\$ 1,060,891
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,113,662	\$ 2,482,109	\$ 2,534,880	\$ 1,060,891
Total Liabilities	\$ 1,113,662	\$ 2,482,109	\$ 2,534,880	\$ 1,060,891
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 556,659	\$ 3,829,640	\$ 3,882,746	\$ 503,553
Total Assets	\$ 556,659	\$ 3,829,640	\$ 3,882,746	\$ 503,553

(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	\$ 556,659	\$ 3,829,640	\$ 3,882,746	\$ 503,553
Total Liabilities	\$ 556,659	\$ 3,829,640	\$ 3,882,746	\$ 503,553
<u>Judicial District Drug</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 140,236	\$ 224,139	\$ 243,488	\$ 120,887
Accounts Receivable	0	4,040	0	4,040
Due from Other Governments	25,349	4,218	25,349	4,218
Total Assets	\$ 165,585	\$ 232,397	\$ 268,837	\$ 129,145
<u>Liabilities</u>				
Accounts Payable	\$ 42,467	\$ 0	\$ 42,467	\$ 0
Due to Joint Venture	123,118	232,397	226,370	129,145
Total Liabilities	\$ 165,585	\$ 232,397	\$ 268,837	\$ 129,145
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 556,659	\$ 3,829,640	\$ 3,882,746	\$ 503,553
Equity in Pooled Cash and Investments	206,220	3,437,862	3,462,033	182,049
Account Receivables	0	4,040	0	4,040
Due from Other Governments	419,872	334,254	419,872	334,254
Property Taxes Receivable	1,458,665	1,455,122	1,458,665	1,455,122
Allowance for Uncollectible Taxes	(56,069)	(67,804)	(56,069)	(67,804)
Total Assets	\$ 2,585,347	\$ 8,993,114	\$ 9,167,247	\$ 2,411,214
<u>Liabilities</u>				
Accounts Payable	\$ 42,467	\$ 0	\$ 42,467	\$ 0
Due to Other Taxing Units	1,863,103	5,019,951	5,104,538	1,778,516
Due to Litigants, Heirs, and Others	556,659	3,829,640	3,882,746	503,553
Due to Joint Venture	123,118	232,397	226,370	129,145
Total Liabilities	\$ 2,585,347	\$ 9,081,988	\$ 9,256,121	\$ 2,411,214

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# Scott County School Department

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

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

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

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

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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, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 13,732,439	\$ 35,354	\$ 1,382,624	\$ 0	\$ (12,314,461)
Support Services	9,069,458	0	382,189	672,703	(8,014,566)
Operation of Non-Instructional Services	2,314,340	278,609	2,084,386	0	48,655
Interest on Long-term Debt	124,032	0	0	0	(124,032)
Other Debt Service	185,773	0	0	0	(185,773)
Total Governmental Activities	\$ 25,426,042	\$ 313,963	\$ 3,849,199	\$ 672,703	\$ (20,590,177)

General Revenues:		
Taxes:		\$
Property Taxes Levied for General Purposes		1,903,253
Local Option Sales Taxes		1,209,069
Other Local Taxes		10,271
Grants and Contributions Not Restricted to Specific Programs		14,780,432
Unrestricted Investment Income		11,632
Miscellaneous		82,620
Total General Revenues		\$ 17,997,277
Change in Net Assets	\$	(2,592,900)
Prior-period Adjustment		(31,858)
Net Assets, July 1, 2008		16,601,573
Net Assets, June 30, 2009	\$	13,976,815

Exhibit J-2

Scott County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Scott County School Department  
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 291,664	\$ 31,719	\$ 323,383
Equity in Pooled Cash and Investments	1,070,012	359,591	1,429,603
Due from Other Governments	907,020	13,638	920,658
Property Taxes Receivable	2,138,551	0	2,138,551
Allowance for Uncollectible Property Taxes	(99,373)	0	(99,373)
<b>Total Assets</b>	<b>\$ 4,307,874</b>	<b>\$ 404,948</b>	<b>\$ 4,712,822</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 144,264	\$ 1,468	\$ 145,732
Accrued Payroll	23,272	0	23,272
Payroll Deductions Payable	823	0	823
Due to State of Tennessee	2,432	374	2,806
Other Current Liabilities	291,664	18,108	309,772
Deferred Revenue - Current Property Taxes	1,878,644	0	1,878,644
Deferred Revenue - Delinquent Property Taxes	146,979	0	146,979
Other Deferred Revenues	144,977	0	144,977
<b>Total Liabilities</b>	<b>\$ 2,633,055</b>	<b>\$ 19,950</b>	<b>\$ 2,653,005</b>
<b><u>Fund Balances</u></b>			
Reserved for Encumbrances	\$ 83,974	\$ 0	\$ 83,974
Other Local Education Reserves	62,254	0	62,254
Reserved for Career Ladder - Extended Contract	24,642	0	24,642
Reserved for Career Ladder Program	55,932	0	55,932
Reserved for Basic Education Program	129,357	0	129,357
Reserved for Title I Grants to Local Education Agencies	0	57,855	57,855
Other Federal Reserves	0	6,977	6,977
Unreserved, Reported In:			
General Fund	1,318,660	0	1,318,660
Special Revenue Funds	0	320,166	320,166
<b>Total Fund Balances</b>	<b>\$ 1,674,819</b>	<b>\$ 384,998</b>	<b>\$ 2,059,817</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,307,874</b>	<b>\$ 404,948</b>	<b>\$ 4,712,822</b>

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, 2009

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)		\$ 2,059,817
(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	469,661	
Add: building and improvements net of accumulated depreciation	12,066,403	
Add: other capital assets net of accumulated depreciation	<u>1,709,395</u>	14,956,020
(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	\$ (2,473,054)	
Less: other postemployment benefits liability	<u>(857,924)</u>	(3,330,978)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>291,956</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 13,976,815</u>

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, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 3,092,289	\$ 0	\$ 3,092,289
Licenses and Permits	588	0	588
Charges for Current Services	35,354	278,609	313,963
Other Local Revenues	50,277	4,000	54,277
State of Tennessee	15,385,776	16,153	15,401,929
Federal Government	148,685	3,078,404	3,227,089
Total Revenues	<u>\$ 18,712,969</u>	<u>\$ 3,377,166</u>	<u>\$ 22,090,135</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 11,746,739	\$ 1,571,526	\$ 13,318,265
Support Services	5,695,094	331,913	6,027,007
Operation of Non-Instructional Services	968,398	1,339,127	2,307,525
Capital Outlay	103,857	0	103,857
Debt Service:			
Principal on Debt	26,598	0	26,598
Interest on Debt	124,032	0	124,032
Other Debt Service	185,773	0	185,773
Capital Projects	2,247,265	0	2,247,265
Total Expenditures	<u>\$ 21,097,756</u>	<u>\$ 3,242,566</u>	<u>\$ 24,340,322</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,384,787)</u>	<u>\$ 134,600</u>	<u>\$ (2,250,187)</u>
<u>Other Financing Sources (Uses)</u>			
Capital Leases Issued	\$ 56,972	\$ 0	\$ 56,972
Insurance Recovery	36,095	0	36,095
Transfers In	18,962	0	18,962
Transfers Out	0	(18,962)	(18,962)
Total Other Financing Sources (Uses)	<u>\$ 112,029</u>	<u>\$ (18,962)</u>	<u>\$ 93,067</u>
Net Change in Fund Balances	\$ (2,272,758)	\$ 115,638	\$ (2,157,120)
Fund Balance, July 1, 2008	3,947,577	269,360	4,216,937
Fund Balance, June 30, 2009	<u>\$ 1,674,819</u>	<u>\$ 384,998</u>	<u>\$ 2,059,817</u>

Exhibit J-5

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, 2009

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (2,157,120)
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 131,554	
Less: current year depreciation expense	<u>(840,747)</u>	(709,193)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.</p>		
Add: assets donated and capitalized	\$ 672,703	
Less: book value of capital assets disposed	<u>(1,110)</u>	671,593
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 291,956	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(221,652)</u>	70,304
<p>(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 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:</p>		
Less: capital lease proceeds	\$ (56,972)	
Add: principal payments on capital leases	<u>26,598</u>	(30,374)
<p>(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.</p>		
Increase in other postemployment benefits liability		<u>(438,110)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (2,592,900)</u>

Exhibit J-6

Scott County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Scott County School Department  
June 30, 2009

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 13,722	\$ 17,997	\$ 31,719
Equity in Pooled Cash and Investments	65,938	293,653	359,591
Due from Other Governments	0	13,638	13,638
Total Assets	<u>\$ 79,660</u>	<u>\$ 325,288</u>	<u>\$ 404,948</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 852	\$ 616	\$ 1,468
Due to State of Tennessee	254	120	374
Other Current Liabilities	13,722	4,386	18,108
Total Liabilities	<u>\$ 14,828</u>	<u>\$ 5,122</u>	<u>\$ 19,950</u>
<u>Fund Balances</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 57,855	\$ 0	\$ 57,855
Other Federal Reserves	6,977	0	6,977
Unreserved	0	320,166	320,166
Total Fund Balances	<u>\$ 64,832</u>	<u>\$ 320,166</u>	<u>\$ 384,998</u>
Total Liabilities and Fund Balances	<u>\$ 79,660</u>	<u>\$ 325,288</u>	<u>\$ 404,948</u>

Exhibit J-7

Scott County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Scott County School Department  
For the Year Ended June 30, 2009

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Projects	Cafeteria	Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 278,609	\$ 278,609
Other Local Revenues	0	4,000	4,000
State of Tennessee	0	16,153	16,153
Federal Government	1,971,216	1,107,188	3,078,404
Total Revenues	<u>\$ 1,971,216</u>	<u>\$ 1,405,950</u>	<u>\$ 3,377,166</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,571,526	\$ 0	\$ 1,571,526
Support Services	331,913	0	331,913
Operation of Non-Instructional Services	0	1,339,127	1,339,127
Total Expenditures	<u>\$ 1,903,439</u>	<u>\$ 1,339,127</u>	<u>\$ 3,242,566</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 67,777</u>	<u>\$ 66,823</u>	<u>\$ 134,600</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (18,962)	\$ 0	\$ (18,962)
Total Other Financing Sources (Uses)	<u>\$ (18,962)</u>	<u>\$ 0</u>	<u>\$ (18,962)</u>
Net Change in Fund Balances	\$ 48,815	\$ 66,823	\$ 115,638
Fund Balance, July 1, 2008	16,017	253,343	269,360
Fund Balance, June 30, 2009	<u>\$ 64,832</u>	<u>\$ 320,166</u>	<u>\$ 384,998</u>

Exhibit J-8

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,092,289	\$ 0	\$ 0	\$ 3,092,289	\$ 3,229,780	\$ 3,229,780	\$ (137,491)
Licenses and Permits	588	0	0	588	500	500	88
Charges for Current Services	35,354	0	0	35,354	42,000	42,000	(6,646)
Other Local Revenues	50,277	0	0	50,277	0	74,206	(23,929)
State of Tennessee	15,385,776	0	0	15,385,776	14,876,706	15,346,197	39,579
Federal Government	148,685	0	0	148,685	157,990	124,875	23,810
<b>Total Revenues</b>	<b>\$ 18,712,969</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 18,712,969</b>	<b>\$ 18,306,976</b>	<b>\$ 18,817,558</b>	<b>\$ (104,589)</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 9,975,183	\$ 0	\$ 26,563	\$ 10,001,746	\$ 9,562,728	\$ 10,086,748	\$ 85,002
Alternative Instruction Program	82,298	0	0	82,298	70,959	82,488	190
Special Education Program	1,138,036	0	6,842	1,144,878	1,173,783	1,173,783	28,905
Vocational Education Program	551,222	0	0	551,222	593,380	570,901	19,679
Adult Education Program	0	0	0	0	3,300	0	0
<u>Support Services</u>							
Attendance	73,744	0	0	73,744	82,593	77,593	3,849
Health Services	235,505	0	0	235,505	124,260	244,719	9,214
Other Student Support	338,462	0	0	338,462	333,058	339,707	1,245
Regular Instruction Program	560,837	0	0	560,837	681,111	576,344	15,507
Special Education Program	169,564	0	0	169,564	175,556	172,958	3,394
Other Programs	94,628	0	0	94,628	0	94,628	0
Board of Education	327,207	0	0	327,207	378,153	328,938	1,731
Director of Schools	243,214	0	0	243,214	226,656	248,772	5,558

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 749,301	\$ 0	\$ 0	\$ 749,301	\$ 760,940	\$ 751,990	\$ 2,689
Operation of Plant	1,334,867	0	0	1,334,867	1,280,770	1,360,071	25,204
Maintenance of Plant	203,018	0	0	203,018	200,354	206,654	3,636
Transportation	1,183,787	0	0	1,183,787	1,091,068	1,256,860	73,073
Central and Other	180,960	0	0	180,960	187,147	185,247	4,287
<u>Operation of Non-Instructional Services</u>							
Community Services	45,529	0	0	45,529	50,000	47,150	1,621
Early Childhood Education	922,869	0	50,569	973,438	1,001,723	1,017,823	44,385
<u>Capital Outlay</u>							
Regular Capital Outlay	103,857	0	0	103,857	172,039	167,990	64,133
<u>Principal on Debt</u>							
Education	26,598	0	0	26,598	0	34,662	8,064
<u>Interest on Debt</u>							
Education	124,032	0	0	124,032	0	129,349	5,317
<u>Other Debt Service</u>							
Education	185,773	0	0	185,773	185,773	185,773	0
<u>Capital Projects</u>							
Education Capital Projects	2,247,265	(2,247,265)	0	0	0	0	0
Total Expenditures	\$ 21,097,756	\$ (2,247,265)	\$ 83,974	\$ 18,934,465	\$ 18,335,351	\$ 19,341,148	\$ 406,683
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,384,787)	\$ 2,247,265	\$ (83,974)	\$ (221,496)	\$ (28,375)	\$ (523,590)	\$ 302,094

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 56,972	\$ 0	\$ 0	\$ 56,972	\$ 0	\$ 56,972	\$ 0
Insurance Recovery	36,095	0	0	36,095	0	0	36,095
Transfers In	18,962	0	0	18,962	21,382	21,382	(2,420)
Total Other Financing Sources (Uses)	\$ 112,029	\$ 0	\$ 0	\$ 112,029	\$ 21,382	\$ 78,354	\$ 33,675
Net Change in Fund Balance	\$ (2,272,758)	\$ 2,247,265	\$ (83,974)	\$ (109,467)	\$ (6,993)	\$ (445,236)	\$ 335,769
Fund Balance, July 1, 2008	3,947,577	(2,247,265)	0	1,700,312	1,690,691	1,690,691	9,621
Fund Balance, June 30, 2009	\$ 1,674,819	\$ 0	\$ (83,974)	\$ 1,590,845	\$ 1,683,698	\$ 1,245,455	\$ 345,390

## Exhibit J-9

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,971,216	\$ 2,298,396	\$ 2,352,120	\$ (380,904)
Total Revenues	\$ 1,971,216	\$ 2,298,396	\$ 2,352,120	\$ (380,904)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,064,833	\$ 1,200,763	\$ 1,205,718	\$ 140,885
Special Education Program	501,743	541,479	618,861	117,118
Vocational Education Program	4,950	26,077	4,950	0
<u>Support Services</u>				
Other Student Support	82,240	69,528	93,123	10,883
Regular Instruction Program	236,141	400,840	403,385	167,244
Special Education Program	13,001	19,727	20,187	7,186
Vocational Education Program	531	3,000	531	0
Total Expenditures	\$ 1,903,439	\$ 2,261,414	\$ 2,346,755	\$ 443,316
Excess (Deficiency) of Revenues Over Expenditures	\$ 67,777	\$ 36,982	\$ 5,365	\$ 62,412
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (18,962)	\$ (21,382)	\$ (21,382)	\$ 2,420
Total Other Financing Sources (Uses)	\$ (18,962)	\$ (21,382)	\$ (21,382)	\$ 2,420
Net Change in Fund Balance	\$ 48,815	\$ 15,600	\$ (16,017)	\$ 64,832
Fund Balance, July 1, 2008	16,017	16,017	16,017	0
Fund Balance, June 30, 2009	\$ 64,832	\$ 31,617	\$ 0	\$ 64,832

Exhibit J-10

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 278,609	\$ 300,500	\$ 300,500	\$ (21,891)
Other Local Revenues	4,000	3,300	3,300	700
State of Tennessee	16,153	16,400	16,400	(247)
Federal Government	1,107,188	1,094,500	1,112,827	(5,639)
Total Revenues	<u>\$ 1,405,950</u>	<u>\$ 1,414,700</u>	<u>\$ 1,433,027</u>	<u>\$ (27,077)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,339,127	\$ 1,414,700	\$ 1,508,027	\$ 168,900
Total Expenditures	<u>\$ 1,339,127</u>	<u>\$ 1,414,700</u>	<u>\$ 1,508,027</u>	<u>\$ 168,900</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 66,823</u>	<u>\$ 0</u>	<u>\$ (75,000)</u>	<u>\$ 141,823</u>
Net Change in Fund Balance	\$ 66,823	\$ 0	\$ (75,000)	\$ 141,823
Fund Balance, July 1, 2008	<u>253,343</u>	<u>253,343</u>	<u>253,343</u>	<u>0</u>
Fund Balance, June 30, 2009	<u>\$ 320,166</u>	<u>\$ 253,343</u>	<u>\$ 178,343</u>	<u>\$ 141,823</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Scott County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
Primary Government and Discretely Presented Scott County School Department  
For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
<b>PRIMARY GOVERNMENT</b>								
<b>NOTES PAYABLE</b>								
<u>Payable through Highway/Public Works Fund</u>								
Equipment	\$ 301,812	3.7 %	5-20-03	5-20-15	\$ 176,057	\$ 0	\$ 25,151	\$ 150,906
Equipment	136,500	3.5	5-21-03	5-21-12	60,666	0	15,167	45,499
Bridge Replacement/Equipment	300,000	4.99	8-30-05	6-30-17	225,000	0	25,000	200,000
Road Resurface/Guardrails	300,000	4.77	9-15-06	9-15-13 (1)	200,000	0	33,000	167,000
Road Resurface	300,000	3.98	12-5-07	12-1-16	300,000	0	33,334	266,666
Asphalt	200,000	3.33	1-9-09	1-10-12	0	200,000	0	200,000
Total Payable through Highway/Public Works Fund					\$ 961,723	\$ 200,000	\$ 131,652	\$ 1,030,071
<u>Payable through General Debt Service Fund</u>								
Public Works (Waterlines)	250,000	3.7	5-20-03	5-20-15	\$ 145,834	\$ 0	\$ 20,834	\$ 125,000
Various Projects	230,000	4.95	6-3-04	6-30-10	127,334	0	25,667	101,667
Various Projects	300,000	4.6	5-31-05	5-31-11	199,998	0	33,334	166,664
Airport Improvements	125,000	4.74	11-30-05	11-30-17	104,166	0	10,417	93,749
Bleachers/Other School Projects	325,000	5.49	5-17-06	5-30-18	270,834	0	27,084	243,750
Scott High Gym and Oneida High Bus	149,500	4.97	4-4-07	4-4-10	132,889	0	16,611	116,278
Aviation Fuel Truck	18,000	4.77	4-10-07	4-10-10	12,000	0	6,000	6,000
Vehicles, Equipment, Guard Rails	169,191	4.97	6-19-07	4-4-10	150,392	0	18,799	131,593
Highway Equipment	212,300	4.9	6-19-07	6-19-19	194,608	0	17,692	176,916
Police Vehicles and Equipment	106,618	3.26	9-25-08	9-25-11		106,618		106,618
Total Payable through General Debt Service Fund					\$ 1,338,055	\$ 106,618	\$ 176,438	\$ 1,268,235
<u>Payable through Solid Waste/Sanitiation Fund</u>								
Solid Waste Disposal	70,000	4.95	6-3-04	6-3-10 (4)	\$ 39,332	\$ 0	\$ 7,667	\$ 31,665
Total Payable through Solid Waste/Sanitiation Fund					\$ 39,332	\$ 0	\$ 7,667	\$ 31,665

(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 7-1-08	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-09
<b>PRIMARY GOVERNMENT (CONT.)</b>								
<b>NOTES PAYABLE (CONT.)</b>								
<u>Payable through Rural Debt Service Fund</u>								
Transportation Equipment	\$ 355,601	3.95 %	2-6-04	12-30-13	\$ 213,361	0	\$ 35,560	\$ 177,801
Transportation Equipment	471,760	4.05	8-29-05	8-29-14 (2)	362,522	0	56,279	306,243
Winfield Construction Project	388,182	4.99	8-24-05	6-24-17	291,136	0	32,348	258,788
Winfield Construction Project	278,277	4.74	11-30-05	11-30-17	231,897	0	23,190	208,707
Scott High Construction Projects	190,579	4.9	6-19-07	12-4-15	169,404	0	21,176	148,228
Transportation Equipment	518,096	4.88	8-28-06	8-28-18	474,921	0	43,175	431,746
Huntsville Elementary and Technology Center Roof Projects	245,570	3.72	6-2-08	6-2-17	245,570	0	27,286	218,284
Robbins and Burchfield Schools Improvements	662,204	3.49	3-3-09	3-5-12	0	662,204		662,204
Total Payable through Rural Debt Service Fund					\$ 1,988,811	\$ 662,204	\$ 239,014	\$ 2,412,001
Total Notes Payable					\$ 4,327,921	\$ 968,822	\$ 554,771	\$ 4,741,972
<b>OTHER LOANS PAYABLE</b>								
<u>Public Building Authority Loan Agreement</u>								
<u>Payable through General Debt Service Fund</u>								
Building and Equipment	1,000,000	Varies	3-1-1995	5-25-21	666,500	0	37,600	628,900
Justice Center	(3)	Varies	2-27-07	5-25-34	8,797,260	321,230	180,000	8,938,490
Total Payable through General Debt Service Fund					\$ 9,463,760	\$ 321,230	\$ 217,600	\$ 9,567,390
<u>Payable through Rural Debt Service Fund</u>								
Various Schools Projects	3,000,000	Varies	10-2-03	5-25-23	2,507,000	0	133,000	2,374,000
Total Payable through Rural Debt Service Fund					\$ 2,507,000	0	\$ 133,000	\$ 2,374,000
Total Other Loans Payable					\$ 11,970,760	\$ 321,230	\$ 350,600	\$ 11,941,390

(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 7-1-08	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-09
<b>PRIMARY GOVERNMENT (CONT.)</b>								
<b>CAPITAL LEASES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Sheriff Vehicle	\$ 28,500	3.99 %	11-17-04	11-16-09	\$ 9,148	0 \$	6,039	\$ 3,109
Sheriff Vehicles	91,171	3.47	3-18-05	3-18-10	38,359	0	18,849	19,510
Total Payable through General Debt Service Fund					\$ 47,507	0 \$	24,888	\$ 22,619
Total Capital Leases Payable					\$ 47,507	0 \$	24,888	\$ 22,619
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Bonds	500,000	5	11-1-1979	1-1-17	\$ 209,000	0 \$	19,000	\$ 190,000
Refunding	3,093,784	1.1 to 3.55	10-21-03	6-1-15	1,166,162	0	320,980	845,182
General Obligation Bonds, Series 2004	650,000	4 to 4.7	12-30-04	5-1-35	615,000	0	15,000	600,000
General Obligation Bonds, Series 2008	1,250,000	3 to 4.5	2-14-08	6-1-28	1,250,000	0	25,000	1,225,000
Total Payable through General Debt Service Fund					\$ 3,240,162	0 \$	379,980	\$ 2,860,182
<u>Payable through Rural Debt Service Fund</u>								
Refunding	6,630,000	3.65 to 4.5	11-1-1998	4-1-14	\$ 3,355,000	0 \$	500,000	\$ 2,855,000
Refunding	413,851	1.1 to 3.3	10-21-03	6-1-13	93,838	0	19,020	74,818
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					\$ 8,823,838	0 \$	519,020	\$ 8,304,818
Total Bonds Payable					\$ 12,064,000	0 \$	899,000	\$ 11,165,000

(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 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
<u>DISCRETELY PRESENTED SCOTT COUNTY</u>								
<u>SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
Payable through General Purpose School Fund								
Energy Efficiency Upgrades	\$ 2,499,652	4.62	%	5-15-08	5-15-27	\$ 56,972	\$ 26,598	\$ 2,473,054
Total Payable through General Purpose School Fund					\$ 2,442,680	\$ 56,972	\$ 26,598	\$ 2,473,054

- (1) This note had an original maturity date of 9-15-09, but the county refinanced it during the current year to extend the maturity date until 9-15-13.
- (2) This note had an original maturity date of 8-28-08, but the county refinanced it during the current year to extend the maturity date until 8-29-14.
- (3) The total amount approved for draws under this loan agreement is \$10 million, of which \$710,510 had not been drawn as of June 30, 2009.
- (4) In previous years, this note was reflected as an enterprise fund obligation. The enterprise fund has now been closed, and the obligation is being retired from the Solid Waste/Sanitation (special revenue) Fund.

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	Notes		
	Principal	Interest	Total
2010	\$ 996,935	\$ 198,808	\$ 1,195,743
2011	610,891	155,434	766,325
2012	1,196,183	124,441	1,320,624
2013	469,877	80,453	550,330
2014	478,771	60,682	539,453
2015	306,685	43,674	350,359
2016	260,701	29,662	290,363
2017	239,516	17,847	257,363
2018	121,550	7,193	128,743
2019	60,863	1,920	62,783
Total	\$ 4,741,972	\$ 720,114	\$ 5,462,086

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2010	\$ 365,500	\$ 38,212	\$ 62,169	\$ 465,881
2011	381,500	37,043	60,020	478,563
2012	397,600	35,822	57,778	491,200
2013	414,700	34,550	55,445	504,695
2014	433,000	33,223	53,016	519,239
2015	452,400	31,837	50,482	534,719
2016	472,000	30,389	47,840	550,229
2017	492,600	28,879	45,087	566,566
2018	513,400	27,303	42,219	582,922
2019	536,300	25,660	39,235	601,195
2020	560,400	23,944	36,121	620,465
2021	583,500	22,150	32,873	638,523
2022	538,000	20,283	29,496	587,779
2023	562,000	18,562	26,540	607,102
2024	374,000	16,763	23,456	414,219
2025	392,000	15,566	21,782	429,348

(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 Loans (Cont.)			
	Principal	Interest	Other Fees	Total
2026	\$ 412,000	\$ 14,312	\$ 20,027	\$ 446,339
2027	433,000	12,994	18,182	464,176
2028	454,000	11,608	16,243	481,851
2029	477,000	10,155	14,210	501,365
2030	501,000	8,629	12,074	521,703
2031	526,000	7,026	9,831	542,857
2032	552,000	5,342	7,475	564,817
2033	580,000	3,576	5,004	588,580
2034	537,490	1,720	2,407	541,617
Total	<u>\$ 11,941,390</u>	<u>\$ 515,548</u>	<u>\$ 789,012</u>	<u>\$ 13,245,950</u>

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2010	\$ 22,619	\$ 573	\$ 23,192
Total	<u>\$ 22,619</u>	<u>\$ 573</u>	<u>\$ 23,192</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 855,000	\$ 475,571	\$ 1,330,571
2011	801,000	442,784	1,243,784
2012	812,000	410,879	1,222,879
2013	818,000	377,849	1,195,849
2014	774,000	344,161	1,118,161
2015	325,000	310,129	635,129
2016	287,000	297,516	584,516
2017	303,000	286,216	589,216
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	Bonds (Cont.)		
	Principal	Interest	Total
2019	\$ 305,000	\$ 263,679	\$ 568,679
2020	330,000	251,429	581,429
2021	340,000	237,804	577,804
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>\$ 11,165,000</u>	<u>\$ 5,169,468</u>	<u>\$ 16,334,468</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 Leases		
	Principal	Interest	Total
2010	\$ 48,376	\$ 113,249	\$ 161,625
2011	54,322	110,907	165,229
2012	61,948	108,238	170,186
2013	70,085	105,206	175,291
2014	78,764	101,786	180,550
2015	88,012	97,954	185,966
2016	97,863	93,682	191,545
2017	108,350	88,942	197,292
2018	119,508	83,703	203,211
2019	131,374	77,933	209,307
2020	143,986	71,600	215,586
2021	157,386	64,667	222,053
2022	171,617	57,098	228,715
2023	186,723	48,854	235,577
2024	202,752	39,892	242,644
2025	219,755	30,169	249,924
2026	237,782	19,639	257,421
2027	294,451	7,451	301,902
Total	\$ 2,473,054	\$ 1,320,970	\$ 3,794,024

Exhibit K-3

Scott County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Scott County School Department  
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 320,090
General	General Capital Projects	Capital projects	25,000
General	Other Capital Projects	Capital projects	46,405
General	Public Utility	Capital projects	22,498
Ambulance	General	Operations	500,000
Highway/Public Works	General Debt Service	Debt retirement	13,613
General Debt Service	Public Utility	Debt retirement	<u>28,340</u>
Total Transfers Primary Government			<u>\$ 955,946</u>
<u>DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 18,962</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, 2009

Official	Authorization of Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 66,702	\$ 50,000	RLI Insurance Company
Superintendent of Roads	Section 8-24-102, TCA	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	75,000	100,000	"
Trustee	Section 8-24-102, TCA	57,751	802,000	"
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	"
County Clerk	Section 8-24-102, TCA	57,751	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	57,751	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	57,751 (1)	50,000	"
Register	Section 8-24-102, TCA	57,751	25,000	"
Sheriff	Section 8-24-102, TCA	63,527	50,000	"
Director of Finance	Board of County Commissioners	53,362	50,000	"
County Office Employees:				
Trustee			25,000	"
Finance Department			50,000	"
County Clerk			25,000	"
Circuit and General Sessions Clerk and Master			25,000	"
Register			25,000	"
Sheriff			25,000	"
			4,000	"

(1) Does not include special commissioner fees of \$3,750.

Exhibit K-5

Scott County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2009

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 1,308,798	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Discount on Property Taxes	(10,536)	0	0	0	0	0	0
Trustee's Collections - Prior Year	75,870	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	32,572	0	0	0	0	0	0
Interest and Penalty	16,227	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	21	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	197,513	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	227,694	0	0	0	0	0	0
Hotel/Motel Tax	44,553	0	0	0	0	0	0
Litigation Tax - General	39,292	0	0	0	0	0	0
Litigation Tax - Special Purpose	83,013	0	0	0	0	0	0
Business Tax	123,719	0	0	0	0	0	235
<u>Statutory Local Taxes</u>							
Bank Excise Tax	108,865	0	0	0	0	0	0
Wholesale Beer Tax	62,665	0	0	0	0	0	0
Coal Severance Tax	0	0	0	0	0	0	0
Interstate Telecommunications Tax	1,854	0	0	0	0	0	0
Total Local Taxes	\$ 2,312,120	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 235
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	0	0	0	0	0	0	0
Cable TV Franchise	21,436	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	835	0	0	0	0	0	0
Total Licenses and Permits	\$ 22,271	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 14,608	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	4,553	0	0	0	0	0	0
Drug Control Fines	0	0	0	18,670	0	0	0
Jail Fees	289	0	0	0	0	0	0
<u>Criminal Court</u>							
District Attorney General Fees	0	0	0	0	11,953	0	0
<u>General Sessions Court</u>							
Fines	95,181	0	0	0	0	0	0
Officers Costs	16,450	0	0	0	0	0	0
Game and Fish Fines	75	0	0	0	0	0	0
Drug Control Fines	0	0	0	21,933	0	0	0
Drug Court Fees	4,423	0	0	0	0	0	0
Jail Fees	1,633	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	41,510	0	0
Data Entry Fee - General Sessions Court	2,164	0	0	0	0	0	0
<u>Chancery Court</u>							
Data Entry Fee - Chancery Court	142	0	0	0	0	0	0
Courtroom Security Fee	10	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	70	0	0	1,000	0	0	0
Other Fines, Forfeitures, and Penalties	0	0	0	14,368	70,000	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 139,598</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 55,971</b>	<b>\$ 123,463</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Convenience Waste Centers Collection Charge	\$ 0	\$ 961	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Host Agency	0	128,518	0	0	0	0	0
Patient Charges	0	0	2,244,935	0	0	0	0
Other General Service Charges	17,326	0	0	0	0	0	0

(Continued)

Exhibit K-5

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
<u>Charges for Current Services (Cont.)</u>							
<u>Fees</u>							
Airport Fees	\$ 307,208	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	8,934	0
Probation Fees	31,311	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,765	0	0	0	0	0	0
Data Processing Fee - County Clerk	1,230	0	0	0	0	0	0
Total Charges for Current Services	\$ 360,840	\$ 129,479	\$ 2,244,935	\$ 0	\$ 0	\$ 8,934	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 204,991	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	1,023,785	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	930
Commissary Sales	16,039	0	0	0	0	0	0
Sale of Recycled Materials	0	5,529	0	0	0	0	0
Miscellaneous Refunds	203,675	1,046	898	0	3,941	0	20,583
<u>Nonrecurring Items</u>							
Sale of Equipment	70	0	0	0	0	0	24,697
Contributions and Gifts	13,819	0	0	95	0	0	0
Total Other Local Revenues	\$ 1,462,379	\$ 6,575	\$ 898	\$ 95	\$ 3,941	\$ 0	\$ 46,210
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 172,100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	118,196	0	0	0	0	0	0
General Sessions Court Clerk	107,187	0	0	0	0	0	0
Clerk and Master	43,766	0	0	0	0	0	0
Register	118,490	0	0	0	0	0	0
Sheriff	18,029	0	0	0	0	0	0
Trustee	277,965	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 855,733	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	3,676	0	0	0	0	0	0
State Reappraisal Grant	8,935	0	0	0	0	0	0
Solid Waste Grants	0	18,178	0	0	0	0	0
On-Behalf Contributions for OPEB	3,653	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	13,800	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	128,929
Litter Program	0	26,019	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	5,673	0	0	0	0	0	0
Beer Tax	18,701	0	0	0	0	0	0
Alcoholic Beverage Tax	44,231	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	436,212	0	0	0	0	0	0
Emergency Hospital - Prisoners	150,341	0	0	0	0	0	0
Contracted Prisoner Boarding	305,585	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,687,443
Petroleum Special Tax	0	0	0	0	0	0	16,967
Registrar's Salary Supplement	14,912	0	0	0	0	0	0
Other State Grants	230,053	0	0	0	0	0	0
Other State Revenues	174,529	0	0	0	0	0	90,374
Total State of Tennessee	\$ 1,419,301	\$ 44,197	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,923,713
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 17,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	83,852	0	0	0	0	0	0
Other Federal through State	37,027	0	0	0	0	0	0

(Continued)

Exhibit K-5

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
<u>Federal Government (Cont.)</u>							
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	\$ 33,996	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 171,875	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,172
Contracted Services	234,145	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 234,145	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,172
<u>Total</u>	\$ 6,978,262	\$ 180,251	\$ 2,245,833	\$ 56,066	\$ 127,404	\$ 8,934	\$ 2,008,330

(Continued)

Exhibit K-5

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	Other Capital Projects		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 761,095	\$ 972,224	\$ 0	\$ 0	\$ 0	\$ 3,042,117	
Discount on Property Taxes	(6,127)	(7,576)	0	0	0	(24,239)	
Trustee's Collections - Prior Year	46,292	60,754	0	0	0	182,916	
Circuit/Clerk & Master Collections - Prior Years	13,232	17,860	0	0	0	63,664	
Interest and Penalty	9,812	12,733	0	0	0	38,772	
Payments in-Lieu-of Taxes - T.V.A.	12	19	0	0	0	52	
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	197,513	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	100,000	0	0	0	327,694	
Hotel/Motel Tax	0	0	0	0	0	44,553	
Litigation Tax - General	0	0	0	0	0	39,292	
Litigation Tax - Special Purpose	0	0	0	0	0	83,013	
Business Tax	0	0	0	0	0	123,954	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	108,865	
Wholesale Beer Tax	0	0	0	0	0	62,665	
Coal Severance Tax	12,086	0	0	0	0	12,086	
Interstate Telecommunications Tax	0	0	0	0	0	1,854	
Total Local Taxes	\$ 836,402	\$ 1,156,014	\$ 0	\$ 0	\$ 0	\$ 4,304,771	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 855	\$ 0	\$ 0	\$ 0	\$ 0	\$ 855	
Cable TV Franchise	0	0	0	0	0	21,436	
<u>Permits</u>							
Beer Permits	0	0	0	0	0	855	
Total Licenses and Permits	\$ 855	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,126	

(Continued)

Exhibit K-5

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	Other Capital Projects		
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,608
Officers Costs	0	0	0	0	0	0	4,553
Drug Control Fines	0	0	0	0	0	0	18,670
Jail Fees	0	0	0	0	0	0	289
<u>Criminal Court</u>							
District Attorney General Fees	0	0	0	0	0	0	11,953
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	95,181
Officers Costs	0	0	0	0	0	0	16,450
Game and Fish Fines	0	0	0	0	0	0	75
Drug Control Fines	0	0	0	0	0	0	21,933
Drug Court Fees	0	0	0	0	0	0	4,423
Jail Fees	0	0	0	0	0	0	1,633
District Attorney General Fees	0	0	0	0	0	0	41,510
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	2,164
<u>Chancery Court</u>							
Data Entry Fee - Chancery Court	0	0	0	0	0	0	142
Courtroom Security Fee	0	0	0	0	0	0	10
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	1,070
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	84,368
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	319,032
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	961
Surcharge - Host Agency	0	0	0	0	0	0	128,518
Patient Charges	0	0	0	0	0	0	2,244,935
Other General Service Charges	0	0	0	150	0	0	17,476

(Continued)

Exhibit K-5

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	Other Capital Projects		
<u>Charges for Current Services (Cont.)</u>							
<u>Fees</u>							
Airport Fees	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	307,208
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	8,934
Probation Fees	0	0	0	0	0	0	31,311
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	3,765
Data Processing Fee - County Clerk	0	0	0	0	0	0	1,230
Total Charges for Current Services	0 \$	0 \$	0 \$	150 \$	0 \$	0 \$	2,744,338
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	0 \$	218,210 \$	0 \$	0 \$	0 \$	0 \$	423,201
Lease/Rentals	106,972	0	0	0	0	0	1,130,757
Sale of Materials and Supplies	0	0	0	0	0	0	930
Commissary Sales	0	0	0	0	0	0	16,039
Sale of Recycled Materials	0	0	0	0	0	0	5,529
Miscellaneous Refunds	338	0	0	6,332	5,350	0	242,163
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	24,767
Contributions and Gifts	0	0	0	0	0	0	13,914
Total Other Local Revenues	107,310 \$	218,210 \$	0 \$	6,332 \$	5,350 \$	0 \$	1,857,300
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	172,100
Circuit Court Clerk	0	0	0	0	0	0	118,196
General Sessions Court Clerk	0	0	0	0	0	0	107,187
Clerk and Master	0	0	0	0	0	0	43,766
Register	0	0	0	0	0	0	118,490
Sheriff	0	0	0	0	0	0	18,029
Trustee	0	0	0	0	0	0	277,965
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	855,733

(Continued)

Exhibit K-5

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	Other Capital Projects	General Capital Projects	Other Capital Projects		
\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
Juvenile Services Program	0	0	0	0	0	0	3,676
Airport Maintenance Program	0	0	0	0	0	0	8,935
State Reappraisal Grant	0	0	0	0	0	0	18,178
Solid Waste Grants	0	0	0	0	0	0	3,653
On-Behalf Contributions for OPEB							
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	13,800
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	128,929
Litter Program	0	0	0	0	0	0	26,019
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	5,673
Beer Tax	0	0	0	0	0	0	18,701
Alcoholic Beverage Tax	0	0	0	0	0	0	44,231
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	436,212
Emergency Hospital - Prisoners	0	0	0	0	0	0	150,341
Contracted Prisoner Boarding	0	0	0	0	0	0	305,585
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,687,443
Petroleum Special Tax	0	0	0	0	0	0	16,967
Registrar's Salary Supplement	0	0	0	0	0	0	14,912
Other State Grants	0	0	0	0	0	0	230,053
Other State Revenues	0	0	0	0	0	0	264,903
Total State of Tennessee	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	3,387,211
<u>Federal Government</u>							
Federal Through State	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	17,000
Civil Defense Reimbursement	0	0	0	0	0	0	83,852
Homeland Security Grants	0	0	0	0	0	0	58,416
Other Federal through State							95,443

(Continued)

Exhibit K-5

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	Other Capital Projects	General Capital Projects	Other Capital Projects	Total	
<u>Federal Government (Cont.)</u>							
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	33,996
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	58,416 \$	0 \$	230,291
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 91,125 \$	185,773 \$	0 \$	0 \$	0 \$	0 \$	315,070
Contracted Services	0	0	0	0	0	0	234,145
Total Other Governments and Citizens Groups	\$ 91,125 \$	185,773 \$	0 \$	0 \$	0 \$	0 \$	549,215
<u>Total</u>	\$ 1,035,692 \$	1,559,997 \$	6,482 \$	63,766 \$	14,271,017		

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, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,706,222	\$ 0	\$ 0	\$ 1,706,222
Discount on Property Taxes	(13,722)	0	0	(13,722)
Trustee's Collections - Prior Year	115,886	0	0	115,886
Circuit/Clerk & Master Collections - Prior Years	40,815	0	0	40,815
Interest and Penalty	21,823	0	0	21,823
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,211,095	0	0	1,211,095
Mineral Severance Tax	8,395	0	0	8,395
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,775	0	0	1,775
Total Local Taxes	\$ 3,092,289	\$ 0	\$ 0	\$ 3,092,289
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 588	\$ 0	\$ 0	\$ 588
Total Licenses and Permits	\$ 588	\$ 0	\$ 0	\$ 588
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 151,064	\$ 151,064
Lunch Payments - Adults	0	0	41,242	41,242
Income from Breakfast	0	0	31,647	31,647
A la carte Sales	0	0	15,771	15,771
<u>Other Charges for Services</u>				
Other Charges for Services	35,354	0	38,885	74,239
Total Charges for Current Services	\$ 35,354	\$ 0	\$ 278,609	\$ 313,963
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 8,477	\$ 0	\$ 3,155	\$ 11,632
Miscellaneous Refunds	39,213	0	236	39,449
<u>Nonrecurring Items</u>				
Sale of Equipment	2,190	0	609	2,799
Contributions and Gifts	25	0	0	25
<u>Other Local Revenues</u>				
Other Local Revenues	372	0	0	372
Total Other Local Revenues	\$ 50,277	\$ 0	\$ 4,000	\$ 54,277
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 94,628	\$ 0	\$ 0	\$ 94,628
<u>State Education Funds</u>				
Basic Education Program	13,605,619	0	0	13,605,619
Early Childhood Education	961,045	0	0	961,045
School Food Service	0	0	16,153	16,153
Driver Education	10,992	0	0	10,992

(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>				
Other State Education Funds	\$ 113,120	\$ 0	\$ 0	\$ 113,120
Career Ladder Program	161,411	0	0	161,411
Career Ladder - Extended Contract	47,400	0	0	47,400
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	104,000	0	0	104,000
Other State Grants	265,014	0	0	265,014
Other State Revenues	22,547	0	0	22,547
Total State of Tennessee	\$ 15,385,776	\$ 0	\$ 16,153	\$ 15,401,929
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 829,326	\$ 829,326
Breakfast	0	0	266,502	266,502
USDA - Other	0	0	11,360	11,360
Vocational Education - Basic Grants to States	0	72,905	0	72,905
Title I Grants to Local Education Agencies	0	1,070,200	0	1,070,200
Special Education - Grants to States	50,664	491,007	0	541,671
Special Education Preschool Grants	0	14,210	0	14,210
Safe and Drug-free Schools - State Grants	0	10,200	0	10,200
Rural Education	0	39,000	0	39,000
Eisenhower Professional Development State Grants	0	263,513	0	263,513
Other Federal through State	0	10,181	0	10,181
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	98,021	0	0	98,021
Total Federal Government	\$ 148,685	\$ 1,971,216	\$ 1,107,188	\$ 3,227,089
Total	\$ 18,712,969	\$ 1,971,216	\$ 1,405,950	\$ 22,090,135

Exhibit K-7

Scott County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	88,061	
Social Security		5,460	
State Retirement		2,437	
Employer Medicare		1,277	
Audit Services		6,338	
Consultants		14,229	
Contracts with Other Public Agencies		12,052	
Contributions		3,634	
Dues and Memberships		7,454	
Engineering Services		1,500	
Evaluation and Testing		3,283	
Travel		6,129	
Other Contracted Services		8,774	
Other Supplies and Materials		2,985	
Premiums on Corporate Surety Bonds		1,688	
Other Charges		3,472	
Total County Commission			\$ 168,773

County Mayor/Executive

County Official/Administrative Officer	\$	66,702	
Secretary(ies)		25,979	
Clerical Personnel		17,720	
Social Security		6,741	
State Retirement		6,275	
Employer Medicare		1,576	
Communication		15,266	
Data Processing Services		10,363	
Legal Notices, Recording, and Court Costs		3,204	
Printing, Stationery, and Forms		687	
Travel		3,345	
Office Supplies		6,443	
Other Charges		1,295	
Office Equipment		2,153	
Total County Mayor/Executive			167,749

County Attorney

County Official/Administrative Officer	\$	46,000
Social Security		2,852
State Retirement		2,714
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	\$	1,097	
Other Supplies and Materials		<u>1,402</u>	
Total County Attorney	\$		54,732

Election Commission

County Official/Administrative Officer	\$	51,976	
Deputy(ies)		18,720	
Other Salaries and Wages		1,428	
Election Commission		18,000	
Election Workers		42,130	
Social Security		6,462	
State Retirement		4,171	
Employer Medicare		1,511	
Communication		2,968	
Contracts with Government Agencies		5,500	
Data Processing Services		10,860	
Dues and Memberships		575	
Legal Notices, Recording, and Court Costs		1,898	
Maintenance and Repair Services - Office Equipment		82	
Postal Charges		1,371	
Printing, Stationery, and Forms		2,421	
Travel		10,091	
Office Supplies		2,376	
Other Supplies and Materials		625	
Office Equipment		<u>1,748</u>	
Total Election Commission			184,913

Register of Deeds

County Official/Administrative Officer	\$	57,751
Deputy(ies)		25,979
Part-time Personnel		11,202
Other Salaries and Wages		23,982
Social Security		6,695
State Retirement		6,355
Employer Medicare		1,566
Communication		1,304
Maintenance and Repair Services - Office Equipment		2,968
Printing, Stationery, and Forms		1,781
Maintenance and Repair Services - Records		17,468
Other Contracted Services		2,050

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Office Supplies	\$	2,297	
Office Equipment		940	
Total Register of Deeds			\$ 162,338

Development

Supervisor/Director	\$	37,400	
Clerical Personnel		22,800	
Temporary Personnel		7,282	
Other Salaries and Wages		4,650	
Social Security		4,387	
State Retirement		3,552	
Employer Medicare		1,026	
Evaluation and Testing		897	
Travel		27,211	
Tuition		44,090	
Office Supplies		838	
Textbooks		6,843	
Tires and Tubes		246	
Uniforms		7,182	
Other Supplies and Materials		255	
Liability Insurance		370	
Other Charges		196	
Total Development			169,225

County Buildings

Mechanic(s)	\$	23,400	
Custodial Personnel		40,038	
Maintenance Personnel		21,320	
Overtime Pay		876	
Other Salaries and Wages		23,400	
Social Security		6,347	
State Retirement		6,433	
Employer Medicare		1,484	
Contracts with Government Agencies		6,383	
Maintenance and Repair Services - Buildings		22,723	
Maintenance and Repair Services - Office Equipment		2,640	
Maintenance and Repair Services - Vehicles		1,937	
Pest Control		2,707	
Other Contracted Services		7,005	
Custodial Supplies		8,153	

(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.)

Electricity	\$	148,272	
Gasoline		3,051	
Natural Gas		39,449	
Road Signs		1,285	
Water and Sewer		43,250	
Other Supplies and Materials		16,455	
Other Charges		4,800	
Building Improvements		20,700	
Total County Buildings			\$ 452,108

Finance

Accounting and Budgeting

Supervisor/Director	\$	53,362	
Data Processing Personnel		140,329	
Social Security		11,582	
State Retirement		11,428	
Employer Medicare		2,709	
Communication		7,968	
Data Processing Services		2,225	
Travel		949	
Office Supplies		8,566	
Office Equipment		690	
Total Accounting and Budgeting			239,808

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		42,973	
Deputy(ies)		25,979	
Part-time Personnel		2,100	
Board and Committee Members Fees		3,700	
Social Security		7,862	
State Retirement		7,476	
Employer Medicare		1,839	
Communication		2,215	
Data Processing Services		3,414	
Dues and Memberships		1,193	
Maintenance and Repair Services - Vehicles		20	
Travel		2,969	
Other Contracted Services		6,100	
Office Supplies		1,540	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Supplies and Materials	\$ 496	
Total Property Assessor's Office		\$ 167,627

County Trustee's Office

County Official/Administrative Officer	\$ 57,751	
Assistant(s)	7,152	
Deputy(ies)	25,979	
Other Salaries and Wages	23,985	
Social Security	6,711	
State Retirement	6,355	
Employer Medicare	1,570	
Communication	1,328	
Contracts with Government Agencies	7,274	
Printing, Stationery, and Forms	398	
Travel	500	
Office Supplies	386	
Office Equipment	1,618	
Total County Trustee's Office		141,007

County Clerk's Office

County Official/Administrative Officer	\$ 57,751	
Assistant(s)	47,965	
Deputy(ies)	25,979	
Temporary Personnel	3,015	
Other Salaries and Wages	16,359	
Social Security	9,107	
State Retirement	8,735	
Employer Medicare	2,130	
Communication	2,694	
Printing, Stationery, and Forms	1,833	
Travel	154	
Other Contracted Services	8,654	
Office Supplies	2,444	
Office Equipment	2,924	
Total County Clerk's Office		189,744

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 57,751
Assistant(s)	25,979

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Deputy(ies)	\$	75,637	
Part-time Personnel		4,547	
Overtime Pay		5,533	
Jury and Witness Fees		8,633	
Social Security		10,254	
State Retirement		9,729	
Employer Medicare		2,398	
Communication		3,360	
Data Processing Services		8,474	
Printing, Stationery, and Forms		4,590	
Office Supplies		3,454	
Other Charges		1,816	
Data Processing Equipment		5,533	
Total Circuit Court			\$ 227,688

General Sessions Court

Judge(s)	\$	95,000	
Assistant(s)		39,998	
Salary Supplements		10,150	
Secretary(ies)		18,990	
Clerical Personnel		20,987	
Board and Committee Members Fees		6,000	
Social Security		11,816	
State Retirement		10,922	
Employer Medicare		2,764	
Communication		4,114	
Contracts with Government Agencies		6,527	
Travel		3,544	
Office Supplies		664	
Other Supplies and Materials		17,677	
Total General Sessions Court			249,153

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		25,979	
Other Salaries and Wages		21,986	
Social Security		6,554	
State Retirement		6,237	
Employer Medicare		1,533	
Maintenance and Repair Services - Office Equipment		169	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Printing, Stationery, and Forms	\$	911	
Office Supplies		<u>453</u>	
Total Chancery Court	\$		121,573

District Attorney General

Assistant(s)	\$	6,320	
Social Security		271	
State Retirement		373	
Medical Insurance		385	
Employer Medicare		63	
Other Supplies and Materials		<u>43,206</u>	
Total District Attorney General			50,618

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
Deputy(ies)		699,762	
Salary Supplements		13,800	
Secretary(ies)		33,963	
Overtime Pay		4,590	
Social Security		49,523	
State Retirement		46,699	
Employer Medicare		11,582	
Communication		29,656	
Contracts with Government Agencies		3,311	
Dues and Memberships		1,300	
Licenses		178	
Maintenance and Repair Services - Vehicles		57,385	
Printing, Stationery, and Forms		2,124	
Tow-in Services		1,685	
Travel		11,879	
Tuition		6,683	
Other Contracted Services		11,097	
Data Processing Supplies		2,751	
Gasoline		89,604	
Law Enforcement Supplies		6,321	
Office Supplies		8,161	
Tires and Tubes		12,509	
Uniforms		7,669	
Other Supplies and Materials		9,853	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Liability Insurance	\$	35,241	
Workers' Compensation Insurance		81,489	
Motor Vehicles		10,400	
Office Equipment		4,639	
Total Sheriff's Department			\$ 1,317,381

Drug Enforcement

Supervisor/Director	\$	499	
Overtime Pay		352	
State Retirement		18	
Total Drug Enforcement			869

Jail

Deputy(ies)	\$	276,900	
Dispatchers/Radio Operators		192,948	
Guards		175,621	
Social Security		38,696	
State Retirement		36,975	
Employer Medicare		9,050	
Maintenance and Repair Services - Buildings		10,098	
Medical and Dental Services		284,922	
Pest Control		161	
Travel		10,646	
Remittance of Revenue Collected		20,140	
Other Contracted Services		3,728	
Food Supplies		172,321	
Law Enforcement Supplies		4,359	
Office Supplies		1,960	
Uniforms		10,384	
Other Supplies and Materials		35,743	
Office Equipment		2,475	
Total Jail			1,287,127

Juvenile Services

Deputy(ies)	\$	82,368
Youth Service Officer(s)		27,810
Part-time Personnel		104,412
Social Security		12,887
State Retirement		6,614
Employer Medicare		3,014

(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.)

Communication	\$	5,831	
Maintenance and Repair Services - Buildings		2,299	
Maintenance and Repair Services - Vehicles		638	
Travel		435	
Other Contracted Services		2,792	
Electricity		1,088	
Food Supplies		9,882	
Gasoline		844	
Natural Gas		1,972	
Office Supplies		1,085	
Other Supplies and Materials		8,068	
Workers' Compensation Insurance		13,347	
Total Juvenile Services			\$ 285,386

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		1,280	
Employer Medicare		315	
Communication		456	
Contracts with Government Agencies		72,287	
Travel		1,758	
Office Supplies		509	
Other Supplies and Materials		302	
Total Civil Defense			99,952

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	\$	1,832	
State Retirement		1,197	
Employer Medicare		428	
Contributions		50,825	
Total Local Health Center			\$ 54,282

Other Local Health Services

Medical Personnel	\$	144,359	
Social Security		8,434	
State Retirement		8,517	
Medical Insurance		3,463	
Employer Medicare		1,972	
Travel		3,924	
Other Supplies and Materials		98	
Total Other Local Health Services			170,767

General Welfare Assistance

Maintenance and Repair Services - Buildings	\$	1,750	
Total General Welfare Assistance			1,750

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Deputy(ies)	\$	19,454	
Temporary Personnel		1,444	
Part-time Personnel		2,836	
Social Security		1,417	
State Retirement		1,148	
Employer Medicare		331	
Communication		1,023	
Contracts with Government Agencies		2,210	
Contributions		300	
Maintenance and Repair Services - Vehicles		4,328	
Travel		16,928	
Other Supplies and Materials		2,046	
Total Senior Citizens Assistance			53,465

Libraries

Other Salaries and Wages	\$	27,044	
Social Security		1,666	
Employer Medicare		390	

(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.)

Communication	\$	3,039	
Contracts with Government Agencies		445	
Postal Charges		301	
Library Books/Media		8,348	
Office Supplies		1,500	
Periodicals		480	
Utilities		7,396	
Other Supplies and Materials		1,488	
Total Libraries			\$ 52,097

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	14,016	
Supervisor/Director		9,102	
Secretary(ies)		7,178	
Social Security		2,303	
State Retirement		3,945	
Medical Insurance		1,086	
Communication		2,148	
Travel		1,488	
Total Agriculture Extension Service			41,266

Other Operations

Tourism

Supervisor/Director	\$	25,000	
Clerical Personnel		7,204	
Social Security		1,883	
State Retirement		1,665	
Employer Medicare		440	
Contributions		17,677	
Total Tourism			53,869

Other Economic and Community Development

Supervisor/Director	\$	23,840	
Other Salaries and Wages		20,283	
Social Security		2,618	
State Retirement		1,407	
Medical Insurance		2,501	
Employer Medicare		612	
Total Other Economic and Community Development			51,261

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Supervisor/Director	\$	27,000	
Part-time Personnel		16,047	
Social Security		2,647	
State Retirement		1,593	
Employer Medicare		619	
Communication		2,653	
Maintenance and Repair Services - Equipment		1,815	
Maintenance and Repair Services - Vehicles		542	
Travel		1,040	
Other Contracted Services		15,442	
Diesel Fuel		150,665	
Electricity		16,847	
Gasoline		65,010	
Natural Gas		270	
Water and Sewer		855	
Other Supplies and Materials		25,711	
Liability Insurance		4,876	
Total Airport			\$ 333,632

Veterans' Services

Supervisor/Director	\$	31,000	
Social Security		1,922	
State Retirement		1,829	
Employer Medicare		450	
Travel		1,874	
Other Supplies and Materials		248	
Total Veterans' Services			37,323

Other Charges

Other Salaries and Wages	\$	38,893	
Social Security		2,411	
Employer Medicare		564	
Travel		6,700	
Total Other Charges			48,568

Contributions to Other Agencies

Contributions	\$	135,154	
Total Contributions to Other Agencies			135,154

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Medical Personnel	\$	100,961	
Social Security		6,251	
State Retirement		5,957	
Medical Insurance		106,167	
Unemployment Compensation		16,335	
Employer Medicare		1,462	
On-Behalf Payments to OPEB		3,653	
Postal Charges		29,082	
Liability Insurance		46,172	
Trustee's Commission		59,757	
Workers' Compensation Insurance		50,984	
Other Charges		1,001	
Total Miscellaneous			\$ 427,782

Highways

Highway and Bridge Maintenance

Transfers to Other Funds	\$	235	
Total Highway and Bridge Maintenance			<u>235</u>

Total General Fund \$ 7,217,183

Solid Waste/Sanitation Fund

Public Health and Welfare

Recycling Center

Laborers	\$	58,486
Social Security		3,564
State Retirement		2,281
Employer Medicare		834
Communication		1,739
Maintenance and Repair Services - Equipment		2,648
Other Contracted Services		6,460
Diesel Fuel		2,325
Electricity		6,082
Gasoline		1,843
Natural Gas		1,555
Propane Gas		215
Uniforms		2,548
Water and Sewer		308
Other Supplies and Materials		3,205
Trustee's Commission		1,698

(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.)

Vehicle and Equipment Insurance	\$ 2,554	
Workers' Compensation Insurance	6,640	
Motor Vehicles	6,200	
Total Recycling Center		\$ 111,185

Postclosure Care Costs

Other Contracted Services	\$ 21,375	
Total Postclosure Care Costs		21,375

Highways

Litter and Trash Collection

Other Supplies and Materials	\$ 11,978	
Total Litter and Trash Collection		11,978

Principal on Debt

General Government

Principal on Notes	\$ 7,667	
Total General Government		7,667

Interest on Debt

General Government

Interest on Notes	\$ 1,708	
Total General Government		<u>1,708</u>

Total Solid Waste/Sanitation Fund \$ 153,913

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 40,065
Deputy(ies)	68,531
Data Processing Personnel	71,173
Medical Personnel	748,114
Part-time Personnel	6,069
Overtime Pay	154,102
Social Security	65,285
State Retirement	53,683
Life Insurance	864
Medical Insurance	41,460
Unemployment Compensation	1,511

(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.)

Employer Medicare	\$	15,268	
Communication		10,866	
Dues and Memberships		370	
Janitorial Services		19	
Licenses		2,500	
Maintenance and Repair Services - Buildings		713	
Maintenance and Repair Services - Vehicles		38,436	
Pest Control		355	
Postal Charges		42	
Printing, Stationery, and Forms		178	
Tow-in Services		2,176	
Travel		3,660	
Tuition		11,490	
Disposal Fees		4,400	
Other Contracted Services		17,273	
Custodial Supplies		3,698	
Diesel Fuel		62,624	
Drugs and Medical Supplies		101,809	
Gasoline		2,125	
Natural Gas		3,044	
Office Supplies		7,827	
Propane Gas		6,524	
Tires and Tubes		6,605	
Uniforms		4,353	
Water and Sewer		771	
Other Supplies and Materials		867	
Refunds		25,036	
Trustee's Commission		22,313	
Vehicle and Equipment Insurance		14,080	
Workers' Compensation Insurance		141,788	
Other Charges		1,672	
Total Ambulance/Emergency Medical Services			\$ <u>1,763,739</u>
Total Ambulance Service Fund			\$ 1,763,739

Drug Control Fund

Other Operations

Miscellaneous

Deputy(ies)	\$	34,034
Communication		977

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Confidential Drug Enforcement Payments	\$	9,000	
Veterinary Services		641	
Other Contracted Services		2,718	
Animal Food and Supplies		2,101	
Other Supplies and Materials		5,306	
Trustee's Commission		561	
Total Miscellaneous			\$ 55,338

Total Drug Control Fund \$ 55,338

District Attorney General Fund

Administration of Justice

District Attorney General

Assistant(s)	\$	17,402	
Secretary(ies)		11,782	
Clerical Personnel		2,405	
Part-time Personnel		10,850	
Social Security		2,187	
State Retirement		1,641	
Medical Insurance		1,732	
Employer Medicare		512	
Communication		9,068	
Dues and Memberships		4,639	
Rentals		3,712	
Travel		20,423	
Tuition		772	
Other Contracted Services		37,765	
Custodial Supplies		317	
Office Supplies		19,139	
Other Supplies and Materials		59,894	
Trustee's Commission		1,270	
Workers' Compensation Insurance		107	
Office Equipment		354	
Total District Attorney General			\$ 205,971

Total District Attorney General Fund 205,971

(Continued)

Exhibit K-7

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

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	\$ 3,750	
Constitutional Officers' Operating Expenses	5,084	
Total Chancery Court		<u>8,834</u>

Total Constitutional Officers - Fees Fund \$ 8,934

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Clerical Personnel	26,613	
Overtime Pay	54	
Social Security	5,420	
State Retirement	5,308	
Employer Medicare	1,268	
Dues and Memberships	2,759	
Postal Charges	42	
Printing, Stationery, and Forms	29	
Custodial Supplies	58	
Office Supplies	<u>350</u>	
Total Administration		\$ 105,428

Highway and Bridge Maintenance

Supervisor/Director	\$ 70,287
Equipment Operators	57,971
Truck Drivers	120,330
Laborers	142,184
Overtime Pay	13,762
Social Security	23,632
State Retirement	22,416
Unemployment Compensation	3,636
Employer Medicare	5,527
Rentals	698
Other Contracted Services	17,526
Asphalt - Cold Mix	225,063

(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 (Cont.)

Asphalt - Hot Mix	\$	187,985	
Concrete		2,342	
Crushed Stone		125,808	
Other Road Supplies		2,122	
Pipe - Metal		12,184	
Road Signs		139	
Wood Products		3,401	
Total Highway and Bridge Maintenance			\$ 1,037,013

Operation and Maintenance of Equipment

Foremen	\$	46,350	
Mechanic(s)		31,203	
Social Security		4,164	
State Retirement		4,565	
Unemployment Compensation		824	
Employer Medicare		974	
Maintenance and Repair Services - Equipment		536	
Tow-in Services		1,575	
Other Contracted Services		12,710	
Diesel Fuel		68,085	
Equipment and Machinery Parts		58,770	
Garage Supplies		1,433	
Gasoline		22,543	
Lubricants		6,104	
Propane Gas		1,897	
Small Tools		2,200	
Tires and Tubes		11,043	
Other Supplies and Materials		12,740	
Total Operation and Maintenance of Equipment			287,716

Other Charges

Communication	\$	5,282	
Electricity		7,158	
Natural Gas		1,734	
Water and Sewer		594	
Trustee's Commission		17,924	
Vehicle and Equipment Insurance		22,928	
Other Charges		5,965	
Total Other Charges			61,585

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Employee and Dependent Insurance	\$ 34,108	
Life Insurance	520	
Workers' Compensation Insurance	<u>70,928</u>	
Total Employee Benefits		\$ 105,556

Capital Outlay

Motor Vehicles	\$ 58,590	
State Aid Projects	<u>128,929</u>	
Total Capital Outlay		187,519

Principal on Debt

Highways and Streets

Principal on Notes	\$ <u>131,652</u>	
Total Highways and Streets		131,652

Interest on Debt

Highways and Streets

Interest on Notes	\$ <u>39,904</u>	
Total Highways and Streets		<u>39,904</u>

Total Highway/Public Works Fund \$ 1,956,373

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 379,980	
Principal on Notes	176,438	
Principal on Capital Leases	24,888	
Principal on Other Loans	<u>217,600</u>	
Total General Government		\$ 798,906

Interest on Debt

General Government

Interest on Bonds	\$ 141,993	
Interest on Notes	64,830	
Interest on Capital Leases	1,475	
Interest on Other Loans	<u>143,914</u>	
Total General Government		352,212

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$ 16,652	
Other Debt Service	13,025	
Total General Government	<u>29,677</u>	\$ 29,677

Total General Debt Service Fund \$ 1,180,795

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 519,020	
Principal on Notes	239,014	
Principal on Other Loans	133,000	
Total Education	<u>891,034</u>	\$ 891,034

Interest on Debt

Education

Interest on Bonds	\$ 381,232	
Interest on Notes	85,598	
Interest on Other Loans	42,633	
Total Education	<u>509,463</u>	509,463

Other Debt Service

Education

Trustee's Commission	\$ 21,914	
Other Debt Service	4,050	
Total Education	<u>25,964</u>	25,964

Total Rural Debt Service Fund 1,426,461

General Capital Projects Fund

Capital Projects

Public Safety Projects

Temporary Personnel	\$ 20,166
Social Security	1,250
Employer Medicare	292
Architects	5,021
Other Contracted Services	30,644
Other Supplies and Materials	47,790
Liability Insurance	13,965
Trustee's Commission	2

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Safety Projects (Cont.)

Building Construction	\$	50,320	
Data Processing Equipment		15,262	
Furniture and Fixtures		37,760	
Site Development		70,208	
Other Equipment		274	
Total Public Safety Projects			\$ 292,954

Social, Cultural, and Recreation Projects

Other Contracted Services	\$	125,000	
Total Social, Cultural, and Recreation Projects			125,000

Highway and Street Capital Projects

Right-of-Way	\$	38,107	
Total Highway and Street Capital Projects			38,107

Total General Capital Projects Fund \$ 456,061

Education Capital Projects Fund

Capital Projects - Donated

Capital Projects Donated to School Department

Architects	\$	430,458	
Engineering Services		11,800	
Printing, Stationery, and Forms		7,712	
Permits		18,450	
Other Contracted Services		206,262	
Land		25,000	
Total Capital Projects Donated to School Department			\$ 699,682

Total Education Capital Projects Fund 699,682

Other Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Consultants	\$	1,769	
Building Construction		56,647	
Total Public Health and Welfare Projects			\$ 58,416

Other General Government Projects

Contracts with Other Public Agencies	\$	14,901	
Engineering Services		25,445	
Permits		1,000	
Total Other General Government Projects			41,346

Total Other Capital Projects Fund 99,762

Total Governmental Funds - Primary Government \$ 15,224,212

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, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,342,546	
Career Ladder Program	83,432	
Career Ladder Extended Contracts	49,500	
Homebound Teachers	56,206	
Educational Assistants	451,500	
Other Salaries and Wages	199,550	
Certified Substitute Teachers	120,086	
Social Security	443,163	
State Retirement	456,944	
Life Insurance	9,002	
Medical Insurance	933,986	
Unemployment Compensation	7,945	
Employer Medicare	104,065	
Travel	764	
Instructional Supplies and Materials	170,020	
Office Supplies	1,829	
Textbooks	257,792	
Other Supplies and Materials	32,901	
Other Charges	1,363	
Regular Instruction Equipment	252,589	
Total Regular Instruction Program		\$ 9,975,183

Alternative Instruction Program

Teachers	\$ 51,882	
Educational Assistants	12,970	
Social Security	4,021	
State Retirement	4,096	
Medical Insurance	8,322	
Unemployment Compensation	67	
Employer Medicare	940	
Total Alternative Instruction Program		82,298

Special Education Program

Teachers	\$ 706,810
Career Ladder Program	15,001
Homebound Teachers	30,264
Educational Assistants	81,790
Certified Substitute Teachers	7,000
Social Security	51,203

(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.)

State Retirement	\$	52,378	
Medical Insurance		69,042	
Unemployment Compensation		860	
Employer Medicare		12,007	
Other Contracted Services		14,976	
Instructional Supplies and Materials		78,474	
Other Supplies and Materials		18,231	
Total Special Education Program			\$ 1,138,036

Vocational Education Program

Teachers	\$	390,109	
Career Ladder Program		5,200	
Educational Assistants		37,415	
Certified Substitute Teachers		3,000	
Social Security		26,507	
State Retirement		27,587	
Medical Insurance		50,496	
Unemployment Compensation		447	
Employer Medicare		6,199	
Instructional Supplies and Materials		3,500	
T&I Construction Materials		762	
Total Vocational Education Program			551,222

Support Services

Attendance

Supervisor/Director	\$	53,849	
Career Ladder Program		3,000	
Social Security		3,337	
State Retirement		3,650	
Medical Insurance		8,486	
Unemployment Compensation		36	
Employer Medicare		780	
Travel		606	
Total Attendance			73,744

Health Services

Medical Personnel	\$	85,033
Other Salaries and Wages		73,729
Social Security		9,459

(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 (Cont.)

State Retirement	\$	8,870	
Medical Insurance		18,734	
Unemployment Compensation		216	
Employer Medicare		2,212	
Travel		9,343	
Other Supplies and Materials		24,409	
Other Charges		3,500	
Total Health Services			\$ 235,505

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		204,569	
Social Workers		32,231	
Secretary(ies)		18,115	
Social Security		15,618	
State Retirement		16,529	
Medical Insurance		27,032	
Unemployment Compensation		216	
Employer Medicare		3,653	
Evaluation and Testing		16,499	
Total Other Student Support			338,462

Regular Instruction Program

Supervisor/Director	\$	50,193	
Career Ladder Program		9,000	
Librarians		300,562	
Secretary(ies)		10,606	
Social Security		21,724	
State Retirement		21,489	
Medical Insurance		35,206	
Unemployment Compensation		304	
Employer Medicare		5,100	
Travel		16,187	
Library Books/Media		29,958	
In Service/Staff Development		25,488	
Other Charges		15,475	
Other Equipment		19,545	
Total Regular Instruction Program			560,837

(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.)

Special Education Program

Supervisor/Director	\$	59,943	
Career Ladder Program		1,000	
Psychological Personnel		43,214	
Secretary(ies)		25,384	
Social Security		7,742	
State Retirement		8,185	
Medical Insurance		8,348	
Unemployment Compensation		134	
Employer Medicare		1,811	
Travel		13,803	
Total Special Education Program			\$ 169,564

Other Programs

On-Behalf Payments to OPEB	\$	94,628	
Total Other Programs			94,628

Board of Education

Secretary to Board	\$	24,652	
Board and Committee Members Fees		39,150	
Social Security		3,897	
State Retirement		2,071	
Unemployment Compensation		55	
Employer Medicare		925	
Audit Services		5,850	
Dues and Memberships		10,882	
Travel		17,375	
Other Contracted Services		6,193	
Other Supplies and Materials		2,561	
Judgments		2,500	
Liability Insurance		21,349	
Premiums on Corporate Surety Bonds		700	
Trustee's Commission		89,425	
Workers' Compensation Insurance		73,622	
Other Charges		26,000	
Total Board of Education			327,207

Director of Schools

County Official/Administrative Officer	\$	75,000	
Assistant(s)		61,207	

(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 (Cont.)

Career Ladder Program	\$	1,000	
Secretary(ies)		24,652	
Social Security		9,988	
State Retirement		10,263	
Medical Insurance		4,766	
Unemployment Compensation		108	
Employer Medicare		2,336	
Communication		27,126	
Postal Charges		3,194	
Travel		3,956	
Other Contracted Services		3,221	
Office Supplies		3,509	
Other Charges		12,367	
Administration Equipment		521	
Total Director of Schools			\$ 243,214

Office of the Principal

Principals	\$	402,278	
Career Ladder Program		15,042	
Assistant Principals		56,044	
Secretary(ies)		127,965	
Social Security		36,941	
State Retirement		37,931	
Medical Insurance		47,485	
Unemployment Compensation		520	
Employer Medicare		8,639	
Communication		16,009	
Travel		447	
Total Office of the Principal			749,301

Operation of Plant

Supervisor/Director	\$	26,557	
Custodial Personnel		342,418	
Social Security		22,876	
State Retirement		20,790	
Unemployment Compensation		702	
Employer Medicare		5,381	
Disposal Fees		25,921	
Other Contracted Services		9,078	

(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	\$	519,516	
Natural Gas		85,527	
Water and Sewer		56,317	
Other Supplies and Materials		98,519	
Building and Contents Insurance		112,916	
Plant Operation Equipment		8,349	
Total Operation of Plant			\$ 1,334,867

Maintenance of Plant

Maintenance Personnel	\$	93,911	
Social Security		5,822	
State Retirement		5,541	
Medical Insurance		5,698	
Unemployment Compensation		144	
Employer Medicare		1,362	
Communication		2,500	
Other Contracted Services		3,854	
Other Supplies and Materials		84,186	
Total Maintenance of Plant			203,018

Transportation

Supervisor/Director	\$	26,925	
Mechanic(s)		44,364	
Bus Drivers		501,450	
Social Security		35,499	
State Retirement		28,580	
Unemployment Compensation		1,342	
Employer Medicare		8,366	
Contracts with Vehicle Owners		5,710	
Diesel Fuel		130,629	
Gasoline		1,680	
Tires and Tubes		21,115	
Vehicle Parts		80,163	
Other Charges		17,799	
Transportation Equipment		280,165	
Total Transportation			1,183,787

Central and Other

Supervisor/Director	\$	54,239	
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(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 (Cont.)

Other Salaries and Wages	\$	98,708	
Social Security		9,194	
State Retirement		9,216	
Medical Insurance		7,310	
Unemployment Compensation		143	
Employer Medicare		2,150	
Total Central and Other			\$ 180,960

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	28,512	
Social Security		1,801	
State Retirement		1,865	
Medical Insurance		4,559	
Unemployment Compensation		69	
Employer Medicare		421	
Travel		1,457	
Instructional Supplies and Materials		5,766	
Other Charges		1,079	
Total Community Services			45,529

Early Childhood Education

Supervisor/Director	\$	23,760	
Teachers		386,076	
Educational Assistants		109,685	
Other Salaries and Wages		3,334	
Certified Substitute Teachers		10,000	
Social Security		32,089	
State Retirement		32,972	
Medical Insurance		39,804	
Unemployment Compensation		621	
Employer Medicare		7,505	
Travel		2,688	
Instructional Supplies and Materials		260,732	
Other Supplies and Materials		8,567	
Other Charges		5,036	
Total Early Childhood Education			922,869

(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

Engineering Services	\$ 13,700	
Building Improvements	<u>90,157</u>	
Total Regular Capital Outlay		\$ 103,857

Principal on Debt

Education

Principal on Capital Leases	\$ <u>26,598</u>	
Total Education		26,598

Interest on Debt

Education

Interest on Capital Leases	\$ <u>124,032</u>	
Total Education		124,032

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ <u>185,773</u>	
Total Education		185,773

Capital Projects

Education Capital Projects

Other Capital Outlay	\$ <u>2,247,265</u>	
Total Education Capital Projects		<u>2,247,265</u>

Total General Purpose School Fund \$ 21,097,756

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 587,411
Educational Assistants	72,327
Other Salaries and Wages	64,249
Certified Substitute Teachers	14,958
Social Security	44,480
State Retirement	45,285
Medical Insurance	89,959
Unemployment Compensation	912
Employer Medicare	10,403
Instructional Supplies and Materials	94,125

(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.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	8,088	
Other Charges		25,000	
Regular Instruction Equipment		7,636	
Total Regular Instruction Program			\$ 1,064,833

Special Education Program

Teachers	\$	68,984	
Educational Assistants		262,772	
Social Security		20,569	
State Retirement		19,932	
Medical Insurance		19,081	
Unemployment Compensation		687	
Employer Medicare		4,810	
Other Contracted Services		104,688	
Instructional Supplies and Materials		220	
Total Special Education Program			501,743

Vocational Education Program

Teachers	\$	1,028	
Social Security		64	
State Retirement		66	
Employer Medicare		15	
Vocational Instruction Equipment		3,777	
Total Vocational Education Program			4,950

Support Services

Other Student Support

Travel	\$	4,960	
Other Supplies and Materials		55,655	
In Service/Staff Development		6,808	
Other Charges		14,817	
Total Other Student Support			82,240

Regular Instruction Program

Supervisor/Director	\$	59,647	
Secretary(ies)		10,806	
Social Security		4,300	
State Retirement		4,467	
Medical Insurance		4,179	

(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.)

Unemployment Compensation	\$	51	
Employer Medicare		1,006	
Travel		7,846	
Library Books/Media		4,763	
Other Supplies and Materials		3,086	
In Service/Staff Development		131,857	
Other Charges		1,285	
Other Equipment		2,848	
Total Regular Instruction Program			\$ 236,141

Special Education Program

Travel	\$	4,328	
In Service/Staff Development		8,673	
Total Special Education Program			13,001

Vocational Education Program

Travel	\$	531	
Total Vocational Education Program			<u>531</u>

Total School Federal Projects Fund \$ 1,903,439

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	49,913	
Cafeteria Personnel		472,967	
Other Salaries and Wages		21,650	
In-Service Training		2,148	
Social Security		33,471	
State Retirement		27,782	
Medical Insurance		21,672	
Unemployment Compensation		1,349	
Employer Medicare		7,828	
Travel		2,896	
Food Preparation Supplies		7,907	
Food Supplies		596,222	
Other Supplies and Materials		88,684	
Other Charges		1,559	
Food Service Equipment		3,079	
Total Food Service			<u>\$ 1,339,127</u>

Total Central Cafeteria Fund 1,339,127

Total Governmental Funds - Scott County School Department \$ 24,340,322

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, 2009

	Cities - Sales Tax Fund	Special School District Fund	City School ADA - Oneida Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 356,117	\$ 762,804	\$ 1,118,921
Discounts on Property Taxes	0	(3,294)	(6,308)	(9,602)
Trustee's Collections - Prior Years	0	21,183	52,465	73,648
Circuit/Clerk and Master Collections - Prior Years	0	6,240	17,268	23,508
Interest and Penalty	0	3,691	9,878	13,569
Payment in-lieu-of Taxes - T.V.A.	0	0	12	12
Local Option Sales Tax	1,439,812	0	546,632	1,986,444
Coal Severance Tax	0	0	5,972	5,972
Interstate Telecommunications Tax	0	0	831	831
Marriage Licenses	0	0	265	265
Other Local Revenues	0	0	124	124
<b>Total Cash Receipts</b>	<b>\$ 1,439,812</b>	<b>\$ 383,937</b>	<b>\$ 1,389,943</b>	<b>\$ 3,213,692</b>
<u>Cash Disbursements</u>				
Remittance of Revenue Collected	\$ 1,425,414	\$ 379,733	\$ 1,369,266	\$ 3,174,413
Trustee's Commission	14,398	7,616	22,087	44,101
<b>Total Cash Disbursements</b>	<b>\$ 1,439,812</b>	<b>\$ 387,349</b>	<b>\$ 1,391,353</b>	<b>\$ 3,218,514</b>
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ (3,412)	\$ (1,410)	\$ (4,822)
Cash Balance, July 1, 2008	0	6,944	59,040	65,984
<b>Cash Balance, June 30, 2009</b>	<b>\$ 0</b>	<b>\$ 3,532</b>	<b>\$ 57,630</b>	<b>\$ 61,162</b>

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**SINGLE AUDIT SECTION**

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

March 19, 2010

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, 2009, which collectively comprise Scott County's basic financial statements and have issued our report thereon dated March 19, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Scott County Emergency Communications District as described in our report on Scott County's financial statements. This report does not include the results of 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: 09.01, 09.04, and 09.05.

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, we believe that none of the significant deficiencies described above is a material weakness.

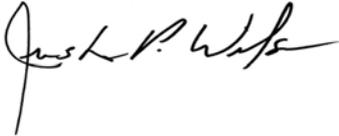
### Compliance and Other Matters

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 09.02 and 09.03.

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, Board of County Commissioners, 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,

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

Justin P Wilson  
Comptroller of the Treasury

JPW/sb

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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

March 19, 2010

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, 2009. 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, 2009.

#### 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.

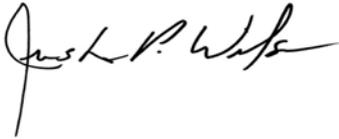
#### Schedule of Expenditures of Federal Awards

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, 2009, and have issued our report thereon dated March 19, 2010. 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, Board of County Commissioners, 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 fluid and cursive, with a prominent vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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Scott County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2009

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 100,355 (3)
Passed-through State Department of Education:			
Fresh Fruit and Vegetable Program	10.582	N/A	11,360
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	266,502
National School Lunch Program	10.555	N/A	829,326 (3)
Total U.S. Department of Agriculture			<u>\$ 1,207,543</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	(2)	\$ 58,416
Total U.S. Department of Housing and Urban Development			<u>\$ 58,416</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 172,070
Total Bureau of Land Management, Department of the Interior			<u>\$ 172,070</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ 3,311
Passed-through City of Knoxville:			
Community Prosecution and Project Safe Neighborhoods	16.609	(2)	8,359
Total U.S. Department of Justice			<u>\$ 11,670</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	N/A	\$ 100,000
Total U.S. Department of Transportation			<u>\$ 100,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,014,854
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	554,136
Special Education - Preschool Grants	84.173	N/A	11,191
Career and Technical Education - Basic Grants to States	84.048	N/A	72,905
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	9,198
Education Technology State Grants	84.318	(2)	10,181
Rural Education	84.358	N/A	39,072
Improving Teacher Quality State Grants	84.367	N/A	261,528
Total U.S. Department of Education			<u>\$ 1,973,065</u>
U.S. Department of Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 5,500
Total U.S. Department of Election Assistance Commission			<u>\$ 5,500</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 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)	\$ 17,961
Total U.S. Department of Health and Human Services			<u>\$ 17,961</u>
U.S. Department of Homeland Security:			
Direct Program:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 26,244
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	GG-08-24152-00	72,287
Emergency Management Performance Grants	97.042	GG-08-25953-00	4,572 (4)
Emergency Management Performance Grants	97.042	(2)	11,565 (4)
Total U.S. Department of Homeland Security			<u>\$ 114,668</u>
Total Expenditures of Federal Awards			<u>\$ 3,660,893</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Airport Maintenance Program - State Department of Transportation	N/A	(2)	\$ 3,676
Litter Program - State Department of Transportation	N/A	(2)	37,663
State Reappraisal - Comptroller of the Treasury	N/A	(2)	8,935
Health Department Programs - State Department of Health	N/A	(2)	172,628
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)	33,000
Safe Schools Act Grant - State Department of Education	N/A	(2)	20,300
Save the Children - State Department of Education	N/A	(2)	77,159
Coordinated School Health - State Department of Education	N/A	(2)	103,725
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	564,081
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	393,139
One-time Non-Reoccurring Teacher Bonus	N/A	(2)	79,517
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	(2)	6,298
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	11,880
Microsoft Program - State Department of Education	N/A	(2)	22,547
Drug Control Grant - State Department of Finance and Administration	N/A	(2)	121,295
Law Enforcement Training Grant - State Department of Finance and Administration	N/A	(2)	<u>13,800</u>
Total State Grants			<u>\$ 1,678,643</u>

CFDA = Catalog of Federal Domestic Assistance  
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$929,681.
- (4) Total for CFDA No. 97.042 is \$16,137.

Scott County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2009

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, 2008, which have not been corrected.

**OFFICE OF DIRECTOR OF FINANCE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.03(A)	197	The Public Utility Fund had a deficit in unrestricted net assets

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.08	200	Duties were not segregated adequately in the Offices of County Clerk, Circuit and General Sessions Courts 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, 2009**

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

1. Our report on the financial statements of Scott County is unqualified.
2. The audit of the financial statements of Scott County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no 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: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) and Title I Grants to Local Educational Agencies (CFDA No. 84.010) 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

The 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; however, management did not provide responses for inclusion in this report.

### OFFICE OF DIRECTOR OF FINANCE

FINDING 09.01      **THE PUBLIC UTILITY FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Public Utility Fund had a deficit in unrestricted net assets at June 30, 2009, totaling \$154,607. Due to the fund's poor financial condition, the fund has been unable to liquidate a liability for amounts due to other funds totaling \$199,090. On September 21, 2009, Scott County Commission approved contributions from the General and Solid Waste/Sanitation funds that eliminated the deficit.

### RECOMMENDATION

Officials should take steps to ensure that the deficit does not recur.

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FINDING 09.02      **AN INTERFUND LOAN WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTE**  
(Noncompliance Under Government Auditing Standards)

During the year, the General Capital Projects Fund borrowed \$100,000 from the General Fund to provide cash for expenditures to be funded by a federal grant. This interfund loan was not approved by the state director of Local Finance as required by Section 9-21-408, Tennessee Code Annotated. Therefore, this loan has been reflected in the financial statements of this report as a current receivable in the General Fund and a current payable in the General Capital Projects Fund. This note was repaid on February 26, 2010, after receipt of grant funds.

### RECOMMENDATION

Interfund loans should be approved by the state Comptroller's Office.

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**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

**FINDING 09.03      **THE EXECUTION DOCKET TRIAL BALANCE DID NOT RECONCILE WITH CASH CONTROL RECORDS**  
(Noncompliance under Government Auditing Standards)**

At June 30, 2009, the general sessions court clerk had prepared a trial balance of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, this trial balance did not reconcile with general ledger accounts by \$188,406. We identified errors totaling \$178,285 in the execution docket trial balance, leaving an unidentified balance of \$10,121. We provided management with audit adjustments that they accepted to correct the errors we identified. Since the execution docket trial balance did not reconcile with general ledger amounts, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, TCA. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office.

**RECOMMENDATION**

The execution docket trial balance should be reconciled with general ledger accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

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**FINDING 09.04      **BANK ACCOUNTS WERE NOT ACCURATELY RECONCILED WITH GENERAL LEDGERS ON A CURRENT BASIS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

Our examination of bank accounts for the Office of Circuit and General Sessions Courts Clerk revealed that bank accounts were not accurately reconciled with the general ledgers and the reconciliations were not performed on a current basis. The bookkeeper had not identified variances between the bank statement balances and the general ledger balances; thus, errors that should have been identified by timely reconciliations remained uncorrected. We identified these errors and presented audit adjustments to management that they accepted and posted. These deficiencies can be attributed to a lack of management oversight. Sound business practices dictate that accounting records should accurately reflect financial activities of the office.

**RECOMMENDATION**

Management should ensure that bank reconciliations are accurately prepared on a current basis. Any errors identified should be corrected in a timely matter.

## OTHER FINDING AND RECOMMENDATION

FINDING 09.05      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF 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 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. Also, this deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

### 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, 2009**

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