



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



**FOR THE YEAR ENDED JUNE 30, 2010**



**ANNUAL FINANCIAL REPORT**  
**SCOTT COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*DEPARTMENT OF AUDIT*  
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*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
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*State Auditors*

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

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## SCOTT COUNTY, TENNESSEE TABLE OF CONTENTS

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	Exhibit	Page(s)
Audit Highlights		6
<u>INTRODUCTORY SECTION</u>		7
Scott County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-12
BASIC FINANCIAL STATEMENTS:		13
Government-wide Financial Statements:		
Statement of Net Assets	A	14-15
Statement of Activities	B	16-17
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	23
Proprietary Funds:		
Statement of Net Assets	D-1	24
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	25
Statement of Cash Flows	D-3	26
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	27
Notes to the Financial Statements		28-68
REQUIRED SUPPLEMENTARY INFORMATION:		69
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	F-1	70-71
Ambulance Service Fund	F-2	72
Highway/Public Works Fund	F-3	73
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Scott County School Department	F-4	74

	Exhibit	Page(s)
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Scott County School Department	F-5	75
Notes to Required Supplementary Information		76
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		77
Nonmajor Governmental Funds:		78-79
Combining Balance Sheet	G-1	80-81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	82-83
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	G-3	84
Drug Control Fund	G-4	85
Major Governmental Funds:		86
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Debt Service Fund	H-1	87
Rural Debt Service Fund	H-2	88
Fiduciary Funds:		89
Combining Statement of Fiduciary Assets and Liabilities	I-1	90
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	91-92
Component Unit:		
Discretely Presented Scott County School Department:		93
Statement of Activities	J-1	94
Balance Sheet – Governmental Funds	J-2	95
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	96
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	97
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	98
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-6	99-101
School Federal Projects Fund	J-7	102
Central Cafeteria Fund	J-8	103
Miscellaneous Schedules:		104
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds – Primary Government and Discretely Presented Scott County School Department	K-1	105-108
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Scott County School Department	K-2	109-112

	Exhibit	Page(s)
Schedule of Transfers – Primary Government and Discretely Presented Scott County School Department	K-3	113
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Scott County School Department	K-4	114
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	115-124
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Scott County School Department	K-6	125-126
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	127-149
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Scott County School Department	K-8	150-160
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-9	161
<u>SINGLE AUDIT SECTION</u>		162
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		163-164
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		165-167
Schedule of Expenditures of Federal Awards and State Grants		168-169
Schedule of Audit Findings Not Corrected		170
Schedule of Findings and Questioned Costs		171-174
Auditee Reporting Responsibilities		175

***Audit Highlights***  
Annual Financial Report  
Scott County, Tennessee  
For the Year Ended June 30, 2010

***Scope***

We have audited the basic financial statements of Scott County as of and for the year ended June 30, 2010.

***Results***

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

Our audit resulted in two 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 and Best Practice***

The following are summaries of the audit findings and best practice:

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

- ◆ The execution docket trial balance in General Sessions Court did not reconcile with cash control records.

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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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**BEST PRACTICE**

Scott County does not have an Audit Committee. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

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# INTRODUCTORY SECTION

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Scott County Officials  
June 30, 2010

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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  
Bobby Ellis, Interim 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**

James Sexton, Chairman	Brad Zachary
Tony Sexton	Rodney West
Brian Strunk	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 4, 2011

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, 2010, which collectively comprise Scott County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Scott County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Scott County Emergency Communications District, which represent 3.7 percent and one 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, 2010, 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 4, 2011, 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.

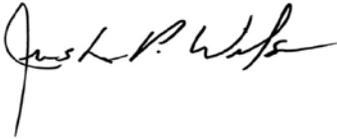
As described in Note V.C., Scott County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 70 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 General Debt Service and Rural 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 the General Debt Service and Rural Debt Service funds, the combining and individual fund financial statements of the Scott County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Scott County, Tennessee  
Statement of Net Assets  
June 30, 2010

Exhibit A

ASSETS

Cash						
Equity in Pooled Cash and Investments						
Inventories						
Accounts Receivable						
Allowance for Uncollectibles						
Due from Other Governments						
Due from Component Units						
Property Taxes Receivable						
Allowance for Uncollectible Property Taxes						
Prepaid Items						
Deferred Charges - Debt Issuance Cost						
Capital Assets:						
Assets Not Depreciated:						
Land						
Construction in Progress						
Assets Net of Accumulated Depreciation:						
Buildings and Improvements						
Other Capital Assets						
Infrastructure - Roads, Streets, and Bridges						
Total Assets						

	Primary Government		Total	Component Units		
	Governmental Activities	Business-type Activities		Scott County School Department	Emergency Communications District	
\$	7,950,840	\$ 0	\$ 7,950,840	\$ 47,523	\$ 902,327	
	2,655,303	48,488	2,703,791	2,553,194	0	
	27,273	0	27,273	0	0	
	3,873,053	12,760	3,885,813	0	8,728	
	(2,896,106)	0	(2,896,106)	0	0	
	1,089,686	0	1,089,686	922,850	0	
	15,413	0	15,413	0	0	
	4,732,644	0	4,732,644	2,072,570	0	
	(276,066)	0	(276,066)	(136,711)	0	
	0	0	0	0	4,637	
	381,329	0	381,329	0	0	
	1,983,885	10,000	1,993,885	910,561	0	
	891,675	0	891,675	7,024,906	0	
	15,388,113	23,387	15,411,500	11,568,093	0	
	1,468,731	3,672,456	5,141,187	1,439,946	94,418	
	2,202,106	0	2,202,106	0	0	
\$	\$ 39,487,879	\$ 3,767,091	\$ 43,254,970	\$ 26,402,932	\$ 1,010,110	

(Continued)



Exhibit B

Scott County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2010

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>										
Governmental Activities:										
General Government	\$ 1,670,744	\$ 140,311	\$ 213,915	\$ 0	\$ (1,316,518)	\$ 0	\$ (1,316,518)	\$ 0	\$ 0	
Finance	753,225	442,587	7,255	0	(303,383)	0	(303,383)	0	0	
Administration of Justice	786,082	607,986	46,194	0	(131,902)	0	(131,902)	0	0	
Public Safety	3,271,951	862,516	158,088	113,592	(2,137,755)	0	(2,137,755)	0	0	
Public Health and Welfare	2,551,751	3,063,129	166,899	211,232	891,509	0	891,509	0	0	
Social, Cultural, and Recreational Services	155,357	0	85,608	25,000	(44,749)	0	(44,749)	0	0	
Agriculture and Natural Resources	42,070	0	0	0	(42,070)	0	(42,070)	0	0	
Other Operations	6,130,946	281,166	361,252	203,962	(5,284,566)	0	(5,284,566)	0	0	
Highways	2,948,060	4,247	1,822,719	586,403	(534,691)	0	(534,691)	0	0	
Education	6,744,794	0	0	19,989	(6,724,805)	0	(6,724,805)	0	0	
Interest on Long-term Debt	745,464	0	0	0	(745,464)	0	(745,464)	0	0	
Debt Service	190,253	0	0	0	(190,253)	0	(190,253)	0	0	
<b>Total Governmental Activities</b>	<b>\$ 25,990,697</b>	<b>\$ 5,403,942</b>	<b>\$ 2,861,930</b>	<b>\$ 1,160,178</b>	<b>\$ (16,564,647)</b>	<b>\$ 0</b>	<b>\$ (16,564,647)</b>	<b>\$ 0</b>	<b>\$ 0</b>	
<b>Business-type Activities:</b>										
Public Utility - Sewer	\$ 254,741	\$ 147,729	\$ 0	\$ 346,996	\$ 0	\$ 239,984	\$ 239,984	\$ 0	\$ 0	
<b>Total Business-type Activities</b>	<b>\$ 254,741</b>	<b>\$ 147,729</b>	<b>\$ 0</b>	<b>\$ 346,996</b>	<b>\$ 0</b>	<b>\$ 239,984</b>	<b>\$ 239,984</b>	<b>\$ 0</b>	<b>\$ 0</b>	
<b>Total Primary Government</b>	<b>\$ 26,245,438</b>	<b>\$ 5,551,671</b>	<b>\$ 2,861,930</b>	<b>\$ 1,507,174</b>	<b>\$ (16,564,647)</b>	<b>\$ 239,984</b>	<b>\$ (16,324,663)</b>	<b>\$ 0</b>	<b>\$ 0</b>	
<b>Component Units:</b>										
Scott County School Department	\$ 23,861,716	\$ 306,791	\$ 4,491,693	\$ 6,764,072	\$ 0	\$ 0	\$ (12,299,160)	\$ 0	\$ 0	
Emergency Communications District	226,000	157,074	114,480	0	0	0	0	0	45,554	
<b>Total Component Units</b>	<b>\$ 24,087,716</b>	<b>\$ 463,865</b>	<b>\$ 4,606,173</b>	<b>\$ 6,764,072</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (12,299,160)</b>	<b>\$ 45,554</b>	<b>\$ 45,554</b>	

(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	Scott County School Department	Emergency Communications District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 1,678,613	\$ 0	\$ 1,678,613	\$ 1,896,536	\$ 0
Property Taxes Levied for General Debt Services					567,934	0	567,934	0	0
Property Taxes Levied for Rural Debt Service					1,037,216	0	1,037,216	0	0
Local Option Sales Taxes					353,136	0	353,136	1,222,956	0
Litigation Taxes					142,054	0	142,054	0	0
Business Taxes					123,153	0	123,153	0	0
Other Taxes					101,363	0	101,363	1,290	0
Grants and Contributions Not Restricted to Specific Programs					1,037,784	0	1,037,784	15,392,798	23,435
Unrestricted Investment Income					331,453	0	331,453	392	14,629
Miscellaneous					58,858	41	58,899	41,207	0
Total General Revenues					\$ 5,431,564	\$ 41	\$ 5,431,605	\$ 18,555,179	\$ 38,064
Transfers					(226,032)	\$ 226,032	\$ 0	\$ 0	\$ 0
Change in Net Assets					\$ (11,359,115)	\$ 466,057	\$ (10,893,058)	\$ 6,256,019	\$ 83,618
Net Assets (Deficit), July 1, 2009					(2,574,815)	2,618,700	43,885	13,976,815	914,292
Net Assets (Deficit), June 30, 2010					\$ (13,933,930)	\$ 3,084,757	\$ (10,849,173)	\$ 20,232,834	\$ 997,910

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, 2010

	Major Funds							Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other Governmental Funds			
\$	100	0	0	0	0	0	0	500	\$	7,950,840
1,040,568	176,593	412,712	234,803	435,780	7,950,240	0	354,847		\$	2,655,303
27,273	0	0	0	0	0	0	0	0		27,273
72,814	3,752,336	919	300	0	0	0	46,684	0		3,873,053
0	(2,896,106)	0	0	0	0	0	0	0		(2,896,106)
553,565	0	316,425	5,667	180,644	0	0	33,385	0		1,089,686
240,893	0	0	0	0	0	0	1,928	0		242,821
15,413	0	0	0	0	0	0	0	0		15,413
1,940,725	0	0	1,877,440	914,479	0	0	0	0		4,732,644
(125,007)	0	0	(85,828)	(65,231)	0	0	0	0		(276,066)

ASSETS

Cash	\$	100	\$	0	\$	0	\$	0	\$	7,950,240	\$	500	\$	7,950,840
Equity in Pooled Cash and Investments		1,040,568		176,593		412,712		234,803		435,780		354,847		2,655,303
Inventories		27,273		0		0		0		0		0		27,273
Accounts Receivable		72,814		3,752,336		919		300		0		46,684		3,873,053
Allowance for Uncollectibles		0		(2,896,106)		0		0		0		0		(2,896,106)
Due from Other Governments		553,565		0		316,425		5,667		180,644		33,385		1,089,686
Due from Other Funds		240,893		0		0		0		0		1,928		242,821
Due from Component Units		15,413		0		0		0		0		0		15,413
Property Taxes Receivable		1,940,725		0		0		1,877,440		914,479		0		4,732,644
Allowance for Uncollectible Property Taxes		(125,007)		0		0		(85,828)		(65,231)		0		(276,066)

Total Assets

\$	3,766,344	\$	1,032,823	\$	730,056	\$	2,032,382	\$	1,465,672	\$	7,950,240	\$	437,344	\$	17,414,861
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LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable	\$	160,104	\$	4,032	\$	2,136	\$	0	\$	0	\$	0	\$	38,019	\$	204,291
Accrued Payroll		46,783		60,514		36,692		0		0		0		1,384		145,373
Payroll Deductions Payable		0		310		188		0		0		0		0		498
Contracts Payable		0		0		0		0		0		0		0		1,639,906
Retainage Payable		0		0		0		0		0		0		10,057		48,907
Due to Other Funds		0		206,343		8,168		1,928		0		26,382		0		242,821
Due to State of Tennessee		0		3,696		574		0		0		0		0		4,270
Due to Cities		0		0		0		0		0		0		0		3,787,591
Deferred Revenue - Current Property Taxes		1,706,751		0		0		1,754,604		785,462		0		0		4,246,817
Deferred Revenue - Delinquent Property Taxes		99,611		0		0		33,830		58,312		0		0		191,753
Other Deferred Revenues		291,053		601,333		151,520		0		180,644		9,698		0		1,234,248
Total Liabilities	\$	2,304,302	\$	876,228	\$	199,278	\$	1,790,362	\$	1,024,418	\$	5,466,347	\$	85,540	\$	11,746,475

Fund Balances

Reserved for Encumbrances	\$	0	\$	0	\$	0	\$	0	\$	0	\$	2,351,291	\$	224,725	\$	2,576,016
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(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	Education Capital Projects	Other Governmental Funds	Governmental Funds		
<u>Fund Balances (Cont.)</u>										
Reserved for Sexual Offender Registration	\$ 2,615	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,615
Reserved for Courtroom Security	137	0	0	0	0	0	0	0	0	137
Reserved for Automation Purposes - Chancery Court	738	0	0	0	0	0	0	0	0	738
Reserved for Inventory	27,273	0	0	0	0	0	0	0	0	27,273
Other Federal Reserves	2,367	0	0	0	0	0	0	0	0	2,367
Reserved for Other General Purposes Unreserved, Reported In:	5,115	0	0	24,802	0	0	0	0	0	29,917
General Fund	1,423,797	0	0	0	0	0	0	0	0	1,423,797
Special Revenue Funds	0	156,595	530,778	0	0	0	0	167,006	0	854,379
Debt Service Funds	0	0	0	217,218	441,254	0	0	0	0	658,472
Capital Projects Funds (Deficit)	0	0	0	0	0	132,602	0	(39,927)	0	92,675
Total Fund Balances	\$ 1,462,042	\$ 156,595	\$ 530,778	\$ 242,020	\$ 441,254	\$ 2,483,893	\$ 351,804	\$ 0	\$ 5,668,386	
Total Liabilities and Fund Balances	\$ 3,766,344	\$ 1,032,823	\$ 730,056	\$ 2,032,382	\$ 1,465,672	\$ 7,950,240	\$ 437,344	\$ 0	\$ 17,414,861	

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

Scott County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
June 30, 2010

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)		\$	5,668,386
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,983,885	
Add: construction in progress		891,675	
Add: infrastructure net of accumulated depreciation		2,202,106	
Add: buildings and improvements net of accumulated depreciation		15,388,113	
Add: other capital assets net of accumulated depreciation		<u>1,468,731</u>	21,934,510
(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	\$	(4,569,261)	
Less: other loans payable		(25,515,890)	
Less: bonds payable		(10,310,000)	
Add: deferred amount on refunding		22,308	
Add: deferred charges - debt issuance costs		381,329	
Less: compensated absences payable		(191,889)	
Less: landfill postclosure care costs		(2,411,053)	
Less: claims and judgments payable		(184,417)	
Less: other postemployment benefits liability		(45,450)	
Less: accrued interest on bonds, notes, and capital leases		(112,295)	
Less: other deferred revenue - premium on debt		<u>(26,209)</u>	(42,962,827)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,426,001</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u>(13,933,930)</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, 2010

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other	Governmental Funds	
<u>Revenues</u>									
Local Taxes	\$ 2,536,388	\$ 0	\$ 235	\$ 599,175	\$ 1,155,368	\$ 0	\$ 0	\$ 0	\$ 4,291,166
Licenses and Permits	23,391	0	0	888	0	0	0	0	24,279
Fines, Forfeitures, and Penalties	132,037	0	0	0	0	0	0	149,412	281,449
Charges for Current Services	330,476	2,277,100	0	0	0	0	0	169,111	2,776,687
Other Local Revenues	605,679	1,572	10,157	126,687	192,786	19,989	19,938	19,938	976,808
Fees Received from County Officials	773,154	0	0	0	0	0	0	0	773,154
State of Tennessee	1,827,548	0	2,369,708	0	0	0	0	42,740	4,239,996
Federal Government	96,420	0	0	0	0	0	0	505,496	601,916
Other Governments and Citizens Groups	398,092	0	0	14,982	185,773	0	0	0	598,847
Total Revenues	\$ 6,723,185	\$ 2,278,672	\$ 2,380,100	\$ 741,732	\$ 1,533,927	\$ 19,989	\$ 886,697	\$ 14,564,302	
<u>Expenditures</u>									
Current:									
General Government	\$ 1,332,559	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,332,559
Finance	750,913	0	0	0	0	0	100	0	751,013
Administration of Justice	643,244	0	0	0	0	0	140,853	0	784,097
Public Safety	3,084,902	0	0	0	0	0	0	0	3,084,902
Public Health and Welfare	228,941	1,879,543	0	0	0	0	267,635	0	2,376,119
Social, Cultural, and Recreational Services	102,997	0	0	0	0	0	0	0	102,997
Agriculture and Natural Resources	42,070	0	0	0	0	0	0	0	42,070
Other Operations	1,772,999	0	0	0	0	4,129,194	54,526	0	5,956,719
Highways	55,192	0	2,858,663	0	0	0	11,656	0	2,925,511
Debt Service:									
Principal on Debt	0	0	165,318	2,759,026	1,572,879	0	7,667	0	4,504,890
Interest on Debt	0	0	50,020	247,896	460,970	0	1,337	0	760,223
Other Debt Service	0	0	0	111,847	35,359	97,580	0	0	244,786
Capital Projects	0	0	0	0	0	0	456,337	0	456,337
Capital Projects - Donated	0	0	0	0	0	6,744,794	0	0	6,744,794
Total Expenditures	\$ 8,013,817	\$ 1,879,543	\$ 3,074,001	\$ 3,118,769	\$ 2,069,208	\$ 10,971,568	\$ 940,111	\$ 30,067,017	
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,290,632)	\$ 399,129	\$ (693,901)	\$ (2,377,037)	\$ (535,281)	\$ (10,951,579)	\$ (53,414)	\$ (15,502,715)	

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other Governmental Funds	
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 489,060	\$ 0	\$ 600,000	\$ 0	\$ 662,204	\$ 1,337,796	\$ 0	\$ 3,089,060
Other Loans Issued	0	0	0	2,004,362	0	11,935,638	0	13,940,000
Insurance Recovery	17,897	0	0	0	0	0	0	17,897
Transfers In	500,000	0	0	265,298	0	0	23,905	789,203
Transfers Out	(381,983)	(500,000)	(13,177)	(33,075)	0	0	(87,000)	(1,015,235)
Total Other Financing Sources (Uses)	\$ 624,974	\$ (500,000)	\$ 586,823	\$ 2,236,585	\$ 662,204	\$ 13,273,434	\$ (63,095)	\$ 16,820,925
Net Change in Fund Balances	\$ (665,658)	\$ (100,871)	\$ (107,078)	\$ (140,452)	\$ 126,923	\$ 2,321,855	\$ (116,509)	\$ 1,318,210
Fund Balance, July 1, 2009	2,127,700	257,466	637,856	382,472	314,331	162,038	468,313	4,350,176
Fund Balance, June 30, 2010	\$ 1,462,042	\$ 156,595	\$ 530,778	\$ 242,020	\$ 441,254	\$ 2,483,893	\$ 351,804	\$ 5,668,386

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, 2010

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	1,318,210
(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	\$	616,017	
Less: current year depreciation expense		<u>(863,438)</u>	(247,421)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: net book value of disposed assets			(21,997)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$	1,426,001	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(1,144,471)</u>	281,530
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Less: note proceeds	\$	(3,089,060)	
Less: other loan proceeds		(13,940,000)	
Add: change in premium on debt issuances		1,605	
Add: change in deferred debt issuance costs		68,887	
Add: principal payments on bonds		855,000	
Add: principal payments on notes		3,261,771	
Add: principal payments on other loans		365,500	
Add: principal payments on capital leases		22,619	
Less: change in deferred amount on refunding debt		<u>(14,354)</u>	(12,468,032)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	13,154	
Change in compensated absences payable		4,555	
Change in other postemployment benefits liability		(45,450)	
Change in claims and judgments liability		(184,417)	
Change in landfill postclosure care costs		<u>(9,247)</u>	<u>(221,405)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (11,359,115)</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, 2010

	Business-type Activities - Major Enterprise Fund
	<u>Public Utility Fund</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 48,488
Accounts Receivable	12,760
Capital Assets:	
Assets Not Depreciated:	
Land	10,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	23,387
Other Capital Assets	3,672,456
Total Assets	<u>\$ 3,767,091</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 6,315
Retainage Payable	7,500
Accrued Interest Payable	1,469
Noncurrent Liabilities:	
Due Within One Year	18,120
Due in More Than One Year	648,930
Total Liabilities	<u>\$ 682,334</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 3,038,793
Unrestricted	<u>45,964</u>
Total Net Assets	<u>\$ 3,084,757</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, 2010

	Business-type Activities - Major Enterprise Fund <hr/> Public Utility Fund
<u>Operating Revenues</u>	
Charges for Services	\$ 147,729
Other Operating Income	41
Total Operating Revenue	<hr/> \$ 147,770
<u>Operating Expenses</u>	
Communication	\$ 1,484
Other Contracted Services	81,314
Diesel Fuel	284
Utilities	22,788
Equipment and Machinery Parts	3,197
Gasoline	277
Water and Sewer	1,589
Supplies and Materials	22,769
Depreciation	87,992
Vehicle Insurance	1,484
Other Charges	986
Trustee's Commission	1,970
Total Operating Expenses	<hr/> \$ 226,134
Operating Income (Loss)	<hr/> \$ (78,364)
<u>Nonoperating Revenues (Expenses)</u>	
Community Development Block Grant	\$ 346,996
Interest on Debt	(28,607)
Total Nonoperating Revenues (Expenses)	<hr/> \$ 318,389
Income Before Contributions and Transfers	\$ 240,025
Transfers In (Out)	<hr/> 226,032
Change in Net Assets	\$ 466,057
Net Assets, July 1, 2009	<hr/> 2,618,700
Net Assets, June, 30, 2010	<hr/> <hr/> \$ 3,084,757

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, 2010

	Business-type Activities - Major Enterprise Fund <hr/> Public Utility Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 148,376
Other Operating Income	41
Payments to Vendors	(138,381)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 10,036</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Federal Grants	\$ 381,771
Acquisition and Construction of Capital Assets	(399,077)
Principal Paid on Bonds	(18,028)
Interest Paid on Bonds	(28,644)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (63,978)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers from Other Funds	<u>\$ 59,393</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 59,393</u>
Increase (Decrease) in Cash	\$ 5,451
Cash, July 1, 2009	<u>43,037</u>
Cash, June 30, 2010	<u><u>\$ 48,488</u></u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (78,364)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	87,992
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables, Net of Allowance	647
Increase (Decrease) in Current Liabilities	(239)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 10,036</u></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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 663,915
Equity in Pooled Cash and Investments	142,139
Accounts Receivable	3,090
Due from Other Governments	354,472
Property Taxes Receivable	1,373,335
Allowance for Uncollectible Taxes	<u>(90,178)</u>
Total Assets	<u>\$ 2,446,773</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 80
Payroll Deductions Payable	114
Due to Other Taxing Units	1,673,262
Due to Litigants, Heirs, and Others	663,915
Due to Joint Ventures	<u>109,402</u>
Total Liabilities	<u>\$ 2,446,773</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, 2010**

**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. In prior years, most financial transactions related to the operation of the airport were channeled through the county’s General Fund, with the exception of certain lease revenues and debt payments for which the county did not provide financial oversight. During the current fiscal year, the county issued general obligation capital outlay notes 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 all financial transactions are now accounted for through 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 \$13,940,000 of other loans and \$2,000,000 of bond anticipation notes on behalf of the School Department during the year ended June 30, 2010.

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 the major enterprise fund 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).

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

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 type:

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Scott County, the city school system's share of educational revenues, and assets held in a custodial capacity for the judicial district drug task force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Scott County School Department reports the following major governmental funds:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide 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 fund's 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 3.56 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.L. 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, claims and judgments, 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, 2010, Scott County had \$26,208,377 in outstanding debt for capital purposes for the discretely presented Scott County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county, the Oneida Special School District, based on an average daily attendance proration. The debt is a liability of Scott County, but the capital assets acquired are reported in the financial statements of the School Department and the Oneida Special School District. 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 a designation in the General Fund on June 30, 2010:

<u>Designation</u>	<u>Amount</u>
Commission District Improvement	\$ 21,383

**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**

The General Capital Projects Fund had a deficit in unreserved fund balance of \$32,116 at June 30, 2010, due to the recognition of outstanding construction commitments, which are reserved as encumbrances. There were undrawn loans totaling \$710,510 available on June 30, 2010, to cover these outstanding commitments.

The Other Capital Projects Fund had a deficit in unreserved fund balance of \$13,699, and a deficit in total fund balance of \$3,688 at June 30, 2010, due to the recognition of liabilities and encumbrances related to construction contracts. These obligations were funded after year-end with the receipt of federal grants.

**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 Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2010.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,966,783	\$ 17,102	\$ 0	\$ 1,983,885
Construction in Progress	662,356	229,319	0	891,675
Total Capital Assets Not Depreciated	<u>\$ 2,629,139</u>	<u>\$ 246,421</u>	<u>\$ 0</u>	<u>\$ 2,875,560</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 21,532,430	\$ 0	\$ 0	\$ 21,532,430
Infrastructure	2,428,665	0	0	2,428,665
Other Capital Assets	3,015,035	369,596	(91,469)	3,293,162
Total Capital Assets Depreciated	<u>\$ 26,976,130</u>	<u>\$ 369,596</u>	<u>\$ (91,469)</u>	<u>\$ 27,254,257</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,656,237	\$ 488,080	\$ 0	\$ 6,144,317
Infrastructure	165,842	60,717	0	226,559
Other Capital Assets	1,579,262	314,641	(69,472)	1,824,431
Total Accumulated Depreciation	<u>\$ 7,401,341</u>	<u>\$ 863,438</u>	<u>\$ (69,472)</u>	<u>\$ 8,195,307</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,574,789</u>	<u>\$ (493,842)</u>	<u>\$ (21,997)</u>	<u>\$ 19,058,950</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,203,928</u>	<u>\$ (247,421)</u>	<u>\$ (21,997)</u>	<u>\$ 21,934,510</u>

**Business-type Activities**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 10,000	\$	0	\$ 10,000
Construction in Progress	34,775	0	(34,775)	0
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 44,775</b>	<b>\$ 0</b>	<b>\$ (34,775)</b>	<b>\$ 10,000</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 93,542	\$ 0	\$ 0	\$ 93,542
Other Capital Assets	3,898,819	406,578	0	4,305,397
<b>Total Capital Assets Depreciated</b>	<b>\$ 3,992,361</b>	<b>\$ 406,578</b>	<b>\$ 0</b>	<b>\$ 4,398,939</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 65,478	\$ 4,677	\$ 0	\$ 70,155
Other Capital Assets	549,626	83,315	0	632,941
<b>Total Accumulated Depreciation</b>	<b>\$ 615,104</b>	<b>\$ 87,992</b>	<b>\$ 0</b>	<b>\$ 703,096</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 3,377,257</b>	<b>\$ 318,586</b>	<b>\$ 0</b>	<b>\$ 3,695,843</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 3,422,032</b>	<b>\$ 318,586</b>	<b>\$ (34,775)</b>	<b>\$ 3,705,843</b>

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

**Governmental Activities:**

General Government	\$ 295,140
Administration of Justice	2,220
Finance	2,915
Public Safety	199,840
Public Health and Welfare	130,001
Social, Cultural, and Recreational Services	52,360
Other Operations	44,233
Highways	<u>136,729</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 863,438</u></b>

**Business-type Activities:**

Sewer	<u>\$ 87,992</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 87,992</u></u>

**Discretely Presented Scott County School Department**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 710,561	\$ 200,000	\$ 910,561
Construction in Progress	469,661	6,555,245	7,024,906
Total Capital Assets Not Depreciated	<u>\$ 1,180,222</u>	<u>\$ 6,755,245</u>	<u>\$ 7,935,467</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,403,145	\$ 0	\$ 19,403,145
Other Capital Assets	4,027,637	106,563	4,134,200
Total Capital Assets Depreciated	<u>\$ 23,430,782</u>	<u>\$ 106,563</u>	<u>\$ 23,537,345</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 7,336,742	\$ 498,310	\$ 7,835,052
Other Capital Assets	2,318,242	376,012	2,694,254
Total Accumulated Depreciation	<u>\$ 9,654,984</u>	<u>\$ 874,322</u>	<u>\$ 10,529,306</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,775,798</u>	<u>\$ (767,759)</u>	<u>\$ 13,008,039</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 14,956,020</u></u>	<u><u>\$ 5,987,486</u></u>	<u><u>\$ 20,943,506</u></u>

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

**Governmental Activities:**

Instruction	\$ 27,582
Support Services	839,042
Operation of Non-Instructional Services	<u>7,698</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 874,322</u>

**C. Construction Commitments**

At June 30, 2010, the county had outstanding commitments of \$214,744 in the General Capital Projects Fund related to the county's portion of construction costs for a state industrial access road. Costs for this project were shared with the Tennessee Department of Transportation who administered the project and will bill the county for their portion. Funding is being provided for these future expenditures from other loans.

At June 30, 2010, the county had uncompleted construction contracts of \$9,981 in the Other Capital Projects Fund related to the construction of an industrial park. Funding has been provided for these future expenditures through a grant from the Appalachian Regional Commission.

At June 30, 2010, the county had uncompleted contracts of \$ 2,351,291 in the Education Capital Projects Fund for construction and architect fees related to renovations and additions to two schools. Funding has been provided for the future expenditures from debt proceeds.

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

The composition of interfund balances as of June 30, 2010, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Ambulance	\$ 206,343
General	Highway/Public Works	8,168
General	Nonmajor governmental	26,382
Nonmajor governmental	General Debt Service	1,928
Discretely Presented School Department:		
School Federal Projects	General Purpose School	100,000

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

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

Receivable Fund	Payable Fund	Amount
Primary Government: General	Component Unit: Discretely Presented School Department	\$ 15,413

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	General Fund	Debt Service Fund	Public Utility Fund
General Fund	\$ 0	\$ 252,121	\$ 105,957
Ambulance Service Fund	500,000	0	0
Highway/Public Works Fund	0	13,177	0
General Debt Service Fund	0	0	33,075
Nonmajor governmental funds	0	0	87,000
<b>Total</b>	<b>\$ 500,000</b>	<b>\$ 265,298</b>	<b>\$ 226,032</b>

Transfer Out	Transfer In Nonmajor Governmental Funds
General Fund	\$ 23,905

**Discretely Presented Scott County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	School Federal Projects Fund
General Purpose School Fund	\$ 0	\$ 100,000
School Federal Projects Fund	32,849	0
<b>Total</b>	<b>\$ 32,849</b>	<b>\$ 100,000</b>

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. Mercy Health Partners is the current lessee.

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 retained 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 was to make capital improvements and report those improvements to the county annually.

In May 2010, the county received a two-year termination notice from Mercy Health Partners to terminate its lease as hospital operators effective May 24, 2012. The county is currently searching for a new hospital operator as of the date of this report.

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 \$93,516 annually. The agreement includes a cancellation clause; therefore, a schedule of future income is not prepared for this agreement.

**F. Capital Leases**

**Discretely Presented Scott County School Department**

On May 18, 2008, the Scott County School Department entered into a 19-year lease-purchase agreement for energy efficiency upgrades and equipment for school facilities. The terms of the agreement require total lease payments of \$2,499,652 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, 2010, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2011	\$ 165,229
2012	170,186
2013	175,291
2014	180,550
2015	185,966
2016-2020	1,016,941
2021-2025	1,178,913
2026-2027	<u>559,324</u>
Total Minimum Lease Payments	\$ 3,632,400
Less: Amount Representing Interest	<u>(1,207,721)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,424,679</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 \$1,464,753 and \$23,998 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, 2010, for governmental activities, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	3 to 5 %	\$ 3,205,000	\$ 2,760,000
General Obligation Bonds - Refunding	1.1 to 4.5	14,707,635	7,550,000
Capital Outlay Notes	2.7 to 5	7,013,046	4,569,261
Other Loans	Variable	27,229,490	25,515,890

Scott County has entered into loan agreements with the Montgomery County Public Building Authority and the City of Clarksville Public Building Authority (PBAs). These loan agreements provide for the PBAs 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, 2010:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rates as of 6-30-10	Other Fees on Variable Rate Debt
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Montgomery County Public Building Authority

Building and Equipment	\$ 1,000,000	\$ 589,400	Variable	.42%	.75%
Various School Projects	3,000,000	2,237,000	Variable	.2	.63
Justice Center	10,000,000	8,749,490 (1)	Variable	.2	.55

Description (Cont.)	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rates as of 6-30-10	Other Fees on Variable Rate Debt
<u>City of Clarksville Public Building Authority</u>					
School Renovations and Improvements	\$ 13,940,000	\$ <u>13,940,000</u>	Variable	.42%	.99%
Total		\$ <u>25,515,890</u>			

Total available at June 30, 2010, 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, 2010, including interest and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Totals
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
2016-2020	1,515,000	1,373,856	2,888,856
2021-2025	2,320,000	1,029,895	3,349,895
2026-2030	2,770,000	378,455	3,148,455
2031-2035	175,000	25,889	200,889
Total	\$ <u>10,310,000</u>	\$ <u>4,693,897</u>	\$ <u>15,003,897</u>

Year Ending June 30	Notes		
	Principal	Interest	Totals
2011	\$ 716,628	\$ 185,447	\$ 902,075
2012	927,879	150,552	1,078,431
2013	1,449,226	111,106	1,560,332
2014	429,971	63,746	493,717
2015	362,928	45,952	408,880
2016-2019	682,629	56,622	739,251
Total	\$ <u>4,569,261</u>	\$ <u>613,425</u>	\$ <u>5,182,686</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 673,500	\$ 82,996	\$ 204,026	\$ 960,522
2012	704,600	80,916	198,857	984,373
2013	736,700	78,735	193,444	1,008,879
2014	771,000	76,453	187,781	1,035,234
2015	807,400	74,062	181,851	1,063,313
2016-2020	4,633,700	330,237	810,023	5,773,960
2021-2025	5,079,500	253,062	618,362	5,950,924
2026-2030	5,632,000	169,629	412,822	6,214,451
2031-2035	6,477,490	66,744	161,207	6,705,441
Total	\$ 25,515,890	\$ 1,212,834	\$ 2,968,373	\$ 29,697,097

There is \$683,274 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$121, based on the 2000 federal census for residents living inside the Oneida School District and \$564, for residents living outside the Oneida School District. Debt per capita, including notes, other loans, and capital leases totaled \$1,367, for residents living inside the Oneida Special School District and \$2,163, for residents living outside the Oneida Special School District.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2009	\$ 11,165,000	\$ 4,741,972	\$ 22,619
Additions	0	3,089,060	0
Deductions	(855,000)	(3,261,771)	(22,619)
Balance, June 30, 2010	\$ 10,310,000	\$ 4,569,261	\$ 0
Balance Due Within One Year	\$ 801,000	\$ 716,628	\$ 0

	Other Loans	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2009	\$ 11,941,390	\$ 196,444	\$ 2,401,806
Additions	13,940,000	216,704	28,590
Deductions	(365,500)	(221,259)	(19,343)
Balance, June 30, 2010	<u>\$ 25,515,890</u>	<u>\$ 191,889</u>	<u>\$ 2,411,053</u>
Balance Due Within One Year	<u>\$ 673,500</u>	<u>\$ 153,511</u>	<u>\$ 85,546</u>

	Claims and Judgments	Other Postemployment Benefits
Balance, July 1, 2009	\$ 0	\$ 0
Additions	184,417	48,000
Deductions	0	(2,550)
Balance, June 30, 2010	<u>\$ 184,417</u>	<u>\$ 45,450</u>
Balance Due Within One Year	<u>\$ 170,104</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 43,227,960
Less: Balance Due Within One Year	(2,600,289)
Less: Deferred Amount on Refunding	(22,308)
Add: Unamortized Premium on Debt	<u>26,209</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 40,631,572</u>

Claims and Judgments Payable include lawsuit settlements discussed under subsequent events in Note IV.D. (\$155,790) and the long-term portion of payments required for workers' compensation claims discussed in Note V.B., Risk Financing Activities (\$28,627).

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 and other postemployment benefits 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 \$192,786 in interest income from the trust during the year.

**Public Utility Fund (enterprise fund)**

Bonds outstanding as of June 30, 2010, for business-type activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Revenue and Tax Bonds	4.25 %	\$ 255,000	\$ 247,050
General Obligation Bonds - Refunding	1.1 to 4.7	490,000	420,000

The annual requirements to amortize all outstanding bonds at June 30, 2010, including interest payments, are as follows:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 18,120	\$ 28,065	\$ 46,185
2012	18,241	27,480	45,721
2013	23,410	26,829	50,239
2014	23,544	26,036	49,580
2015	23,697	25,173	48,870
2016-2020	136,021	110,964	246,985
2021-2025	171,016	79,484	250,500
2026-2030	102,148	40,587	142,735
2031-2035	39,745	28,055	67,800
2036-2040	49,133	18,667	67,800
2041-2045	60,751	7,049	67,800
2046	1,224	5	1,229
<b>Total</b>	<b>\$ 667,050</b>	<b>\$ 418,394</b>	<b>\$ 1,085,444</b>

Changes in Long-term Liabilities

Long-term liability activity for the Public Utility Fund for the year ended June 30, 2010, was as follows:

Business-type Activities:

	<u>Public Utility Fund Bonds</u>
Balance, July 1, 2009	\$ 685,041
Deductions	<u>(17,991)</u>
Balance, June 30, 2010	<u>\$ 667,050</u>
Balance Due Within One Year	<u>\$ 18,120</u>

**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, 2010, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>	<u>Capital Leases</u>
Balance, July 1, 2009	\$ 857,924	\$ 2,473,054
Additions	583,038	0
Deductions	<u>(182,258)</u>	<u>(48,375)</u>
Balance, June 30, 2010	<u>\$ 1,258,704</u>	<u>\$ 2,424,679</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 54,322</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 3,683,383
Less: Balance Due Within One Year	<u>(54,322)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,629,061</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, 2010, were \$83,073 and \$17,732, 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 participate in 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 participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

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. Risk Financing Activities**

Scott County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for worker's compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the

State of Pennsylvania. The insolvency of Reliance Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. Scott County's share of this second assessment totaled \$42,941.

**C. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance, nonfinancial in nature, and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Scott County and the Scott County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Scott County and the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Scott County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as

deferrals. Scott County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Scott County may enter into derivative transactions in subsequent years.

**D. Subsequent Events**

Finance Director Keith Jeffers resigned July 31, 2010. The Financial Management Committee appointed Carol Lowe as his successor on October 11, 2010.

On August 31, 2010, Rick Keeton left the Office of County Mayor and was succeeded by Jeff Tibbals.

Mike Cross assumed the Office of Sheriff effective September 1, 2010, from chief deputy Bobby Ellis who was acting as interim sheriff.

Subsequent to year end, the county paid \$115,025 in judgments and attorney fees related to a 2008 lawsuit, filed by a K-9 officer, alleging that the county was in violation of the Fair Labor Standards Act as it related to compensation of K-9 officers. The county also paid an additional \$40,765 in settlements to various other K-9 officers who had similar potential claims against the county. The total of these claims and judgments, \$155,790, has been reflected as a long-term liability, due within one year, on the government-wide Statement of Net Assets (Exhibit A) in this report.

**E. Contingent Liabilities**

Scott County is involved in the following pending and threatened litigation for which management is unable to determine the likelihood of an unfavorable outcome against the county:

1. 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.
2. Threatened litigation alleging that the county and the county Road Department violated financial policies by awarding a bid to a vendor and then failing to use that vendor for the work. The vendor has requested \$53,629 in compensation, based on their bid and the work they allegedly should have been allowed to perform. The county and its insurance carrier are currently in negotiations to settle the dispute.
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 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.
- b. 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. The case is currently set for trial in June 2011.
- c. A case filed in the Scott County Circuit Court on December 23, 2009, by an individual alleging that the defendants (Eighth Judicial District Drug Task Force, 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.
- d. A case filed in the Scott County Circuit Court on February 24, 2011, alleging that the Scott County Board of Education violated an expressed and/or implied employment contract when it terminated employment of the plaintiff. The complaint also alleges violations of the Tennessee Human Rights Act, the Tennessee Teacher Tenure Act, and age discrimination. The complaint seeks restoration of the plaintiff's employment and compensatory damages not to exceed \$100,000.

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

**F. Change in Administration**

On May 11, 2010, Anthony Lay resigned from the Office of Sheriff. Chief Deputy Bobby Ellis became the interim sheriff until September 1, 2010, when newly elected Sheriff Mike Cross assumed the position.

**G. 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 costs will be paid only near or 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 \$2,411,053 reported as postclosure care liability at June 30, 2010, represents amounts based on what it would cost to perform all postclosure care in 2010. Actual cost may be different due to inflation, changes in technology, or changes in regulations.

#### **H. 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, 2010, 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

#### **I. 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, the 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, 2010.

## **J. 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/PS/](http://www.tn.gov/treasury/tcrs/PS/).

#### **Funding Policy**

Scott County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, 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, 2010, Scott County's annual pension cost of \$497,708 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, 2009, which established contribution rates effective July 1, 2010.

#### **Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$497,708	100%	\$0
6-30-09	472,184	100	0
6-30-08	372,462	100	0

#### **Funded Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was 88.17 percent funded. The actuarial accrued liability for benefits was \$19.8 million, and the actuarial value of assets was \$17.46 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.34 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.61 million, and the ratio of the UAAL to the covered payroll was 30.81 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

## **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/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, 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, 2010, 2009, and 2008, were \$685,017, \$671,478, and \$637,969, respectively, equal to the required contributions for each year.

## **K. Other Postemployment Benefits (OPEB)**

### Plan Description

The primary government has a policy that allows retirees with 40 or more years of service to continue to participate in the county's commercial health insurance plan until age 65. However, the amount of the liability for that benefit has not been determined and recorded in the financial statements due to the limited number of individuals expected to attain 40 years of service with the county prior to age 65, and also due to the limited number of years that any qualifying individuals would be expected to be on the plan before reaching age 65, the liability for this postemployment benefit is not considered material to the financial statements. Only one individual qualified for this plan as of June 30, 2010.

Scott County and the School Department participate in the state-administered Medicare Supplement Plan and the School Department participates in the state-administered Local Education Group Insurance 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 Plan. 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 does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for teachers ranges from ten to 48 percent based on the years of service and type of coverage. During the year ended June 30, 2010, the discretely presented Scott County School

Department contributed \$182,258 for post-employment benefits, and the primary government contributed \$2,550.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan	
		Primary Government	School Department
ARC	\$ 505,000	\$ 48,000	\$ 76,000
Interest on the NPO	35,726	0	2,880
Adjustment to the ARC	(33,840)	0	(2,728)
Annual OPEB cost	\$ 506,886	\$ 48,000	\$ 76,152
Amount of contribution	(176,278)	(2,550)	(5,980)
Increase/decrease in NPO	\$ 330,608	\$ 45,450	\$ 70,172
Net OPEB obligation, 7-1-09	793,915	0	64,009
Net OPEB obligation, 6-30-10	\$ 1,124,523	\$ 45,450	\$ 134,181

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
6-30-10	"	506,886	35	1,124,523
*6-30-10	Medicare Supplement- Primary Government	48,000	5	45,450
6-30-08	Medicare Supplement- School Department	36,180	12	31,858
6-30-09	"	36,889	13	64,009
6-30-10	"	76,152	8	134,181

\* Data only available for one year.

### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Education Group Plan	Medicare Supplement Plan	
		Primary Government	School Department
Actuarial valuation date	7-1-09	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 4,318,000	\$ 437,000	\$ 960,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,318,000	\$ 437,000	\$ 960,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 10,308,053	\$ N/A	\$ N/A
UAAL as a % of covered payroll	42%	N/A	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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### Actuarial Methods and Assumptions

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

In the July 1, 2009, 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). The annual healthcare cost trend rate for the Local Education Group Plan was four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was one percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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.

**L. Termination Benefits**

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, 2010. Payments totaling \$35,600 were paid to individuals who retired during the year ending June 30, 2010.

**M. Office of Central Accounting, Budgeting, and Purchasing**

Scott County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

**N. Purchasing Law**

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for Scott County. All purchase orders are issued by the Finance Department. Purchases exceeding \$10,000 for the Offices of County Mayor, Superintendent of Roads, and Director of Schools are required to be competitively bid.

**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, the County Commission appoints the members of the board of directors of the district and can impose its will by changing the telephone surcharge rate, and the County Commission can impose its will on the district 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 of Highland Telephone Cooperative charging residents of Scott County \$.65 and businesses \$2 per month. As of June 30, 2010, the district had 7,006 residential customers and 2,043 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 \$14,629 on all investments for the year ended June 30, 2010.

**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. Scott County Emergency Communications District has an agreement with one bank for balances above FDIC limits.

The carrying value of the district's deposits was \$902,327, and the bank balance was \$907,141. Of that amount, \$853,487 was insured by FDIC insurance, and the remainder was collateralized by a third-party in the district's name.

**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 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 \$29,386.

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 7-1-09	Additions	Balance 6-30-10
<u>Equipment</u>			
Mapping Equipment	\$ 10,271	\$ 9,924	\$ 20,195
Communication Equipment	386,908	0	386,908
Vehicles	24,500	0	24,500
	<u>\$ 421,679</u>	<u>\$ 9,924</u>	<u>\$ 431,603</u>
<u>Accumulated Depreciation</u>			
Mapping Equipment	\$ (8,330)	\$ (1,489)	\$ (9,819)
Communication Equipment	(282,552)	(24,397)	(306,949)
Vehicles	(16,917)	(3,500)	(20,417)
	<u>\$ (307,799)</u>	<u>\$ (29,386)</u>	<u>\$ (337,185)</u>
Net Investment in Capital Assets	<u>\$ 113,880</u>	<u>\$ (19,462)</u>	<u>\$ 94,418</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 State 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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,536,388	\$ 2,473,915	\$ 2,564,405	\$ (28,017)
Licenses and Permits	23,391	20,600	21,289	2,102
Fines, Forfeitures, and Penalties	132,037	143,334	156,073	(24,036)
Charges for Current Services	330,476	384,000	384,660	(54,184)
Other Local Revenues	605,679	501,769	729,779	(124,100)
Fees Received from County Officials	773,154	859,000	866,067	(92,913)
State of Tennessee	1,827,548	1,701,250	1,942,473	(114,925)
Federal Government	96,420	213,425	387,488	(291,068)
Other Governments and Citizens Groups	398,092	0	53,742	344,350
Total Revenues	\$ 6,723,185	\$ 6,297,293	\$ 7,105,976	\$ (382,791)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 155,134	\$ 158,445	\$ 162,303	\$ 7,169
County Mayor/Executive	175,061	172,871	183,816	8,755
County Attorney	54,712	54,733	54,733	21
Election Commission	134,576	146,729	146,729	12,153
Register of Deeds	145,192	145,052	145,052	(140)
Development	197,535	201,425	201,425	3,890
County Buildings	470,349	426,972	486,304	15,955
<u>Finance</u>				
Accounting and Budgeting	243,221	244,520	244,520	1,299
Property Assessor's Office	177,217	176,603	179,452	2,235
County Trustee's Office	138,322	143,099	143,099	4,777
County Clerk's Office	192,153	203,272	203,272	11,119
<u>Administration of Justice</u>				
Circuit Court	227,903	225,891	231,891	3,988
General Sessions Court	261,017	246,232	265,330	4,313
Chancery Court	121,490	124,155	124,155	2,665
District Attorney General	32,834	40,000	40,000	7,166
<u>Public Safety</u>				
Sheriff's Department	1,316,386	1,287,417	1,352,217	35,831
Drug Enforcement	150	34,603	34,743	34,593
Administration of the Sexual Offender Registry	6,447	0	8,299	1,852
Jail	1,392,923	1,275,656	1,485,515	92,592
Juvenile Services	265,255	272,786	275,936	10,681
Fire Prevention and Control	2,000	2,000	2,000	0
Civil Defense	85,780	27,742	85,913	133
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	56,085	54,270	56,770	685
Other Local Health Services	171,407	198,000	198,000	26,593

(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>				
General Welfare Assistance	\$ 1,083	\$ 2,250	\$ 2,250	\$ 1,167
Other Local Welfare Services	366	244	488	122
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	54,024	53,535	56,935	2,911
Libraries	48,973	49,235	49,535	562
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	42,070	41,907	41,907	(163)
<u>Other Operations</u>				
Tourism	44,199	54,274	54,592	10,393
Other Economic and Community Development	53,181	51,153	54,356	1,175
Airport	772,889	325,459	796,704	23,815
Veterans' Services	37,271	37,301	37,401	130
Other Charges	116,582	0	116,582	0
Contributions to Other Agencies	141,629	88,750	143,053	1,424
ARRA Grant # 2	49,172	0	49,318	146
ARRA Grant # 6	55,890	0	55,891	1
Miscellaneous	502,186	307,561	521,812	19,626
<u>Highways</u>				
Highway and Bridge Maintenance	235	235	235	0
Capital Outlay	54,957	0	54,958	1
<u>Instruction</u>				
Vocational Education Program	0	25,343	0	0
Total Expenditures	\$ 8,013,817	\$ 6,915,720	\$ 8,363,491	\$ 349,674
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,290,632)	\$ (618,427)	\$ (1,257,515)	\$ (33,117)
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 489,060	\$ 0	\$ 489,061	\$ (1)
Insurance Recovery	17,897	0	17,897	0
Transfers In	500,000	500,000	500,000	0
Transfers Out	(381,983)	(670,663)	(773,326)	391,343
Total Other Financing Sources (Uses)	\$ 624,974	\$ (170,663)	\$ 233,632	\$ 391,342
Net Change in Fund Balance	\$ (665,658)	\$ (789,090)	\$ (1,023,883)	\$ 358,225
Fund Balance, July 1, 2009	2,127,700	2,000,000	2,000,000	127,700
Fund Balance, June 30, 2010	\$ 1,462,042	\$ 1,210,910	\$ 976,117	\$ 485,925

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 2,277,100	\$ 2,328,540	\$ 2,328,540	\$ (51,440)
Other Local Revenues	1,572	0	1,572	0
Total Revenues	<u>\$ 2,278,672</u>	<u>\$ 2,328,540</u>	<u>\$ 2,330,112</u>	<u>\$ (51,440)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,879,543	\$ 1,828,540	\$ 1,985,243	\$ 105,700
Total Expenditures	<u>\$ 1,879,543</u>	<u>\$ 1,828,540</u>	<u>\$ 1,985,243</u>	<u>\$ 105,700</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 399,129</u>	<u>\$ 500,000</u>	<u>\$ 344,869</u>	<u>\$ 54,260</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	\$ (100,871)	\$ 0	\$ (155,131)	\$ 54,260
Fund Balance, July 1, 2009	257,466	229,340	229,340	28,126
Fund Balance, June 30, 2010	<u>\$ 156,595</u>	<u>\$ 229,340</u>	<u>\$ 74,209</u>	<u>\$ 82,386</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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 235	\$ 235	\$ 235	\$ 0
Other Local Revenues	10,157	2,000	9,246	911
State of Tennessee	2,369,708	1,967,610	2,444,118	(74,410)
<b>Total Revenues</b>	<b>\$ 2,380,100</b>	<b>\$ 1,969,845</b>	<b>\$ 2,453,599</b>	<b>\$ (73,499)</b>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 107,592	\$ 106,323	\$ 112,275	\$ 4,683
Highway and Bridge Maintenance	1,535,228	909,269	1,560,729	25,501
Operation and Maintenance of Equipment	316,662	297,332	331,314	14,652
Other Charges	68,495	66,853	70,140	1,645
Employee Benefits	95,878	110,149	97,649	1,771
Capital Outlay	734,808	300,000	884,808	150,000
<u>Principal on Debt</u>				
Highways and Streets	165,318	131,652	170,295	4,977
<u>Interest on Debt</u>				
Highways and Streets	50,020	35,085	50,021	1
<b>Total Expenditures</b>	<b>\$ 3,074,001</b>	<b>\$ 1,956,663</b>	<b>\$ 3,277,231</b>	<b>\$ 203,230</b>
Excess (Deficiency) of Revenues Over Expenditures				
	\$ (693,901)	\$ 13,182	\$ (823,632)	\$ 129,731
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 600,000	\$ 0	\$ 600,000	\$ 0
Transfers Out	(13,177)	(13,182)	(13,182)	5
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 586,823</b>	<b>\$ (13,182)</b>	<b>\$ 586,818</b>	<b>\$ 5</b>
Net Change in Fund Balance				
	\$ (107,078)	\$ 0	\$ (236,814)	\$ 129,736
Fund Balance, July 1, 2009	637,856	531,320	531,320	106,536
<b>Fund Balance, June 30, 2010</b>	<b>\$ 530,778</b>	<b>\$ 531,320</b>	<b>\$ 294,506</b>	<b>\$ 236,272</b>

Exhibit F-4

Scott County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Scott County School Department  
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 17,461	\$ 19,804	\$ 2,343	88.17 %	\$ 7,606	30.81 %
7-1-07	16,847	17,510	663	96.21	5,955	11.13

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial study; therefore, only the two most recent valuations are presented.

Exhibit F-5

Scott County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Scott County School Department  
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded		Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
				AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)		
<u>PRIMARY GOVERNMENT</u>							
Medicare Supplement*	7-1-09	\$ 0	\$ 437	\$ 437	0	N/A	%
<u>DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group**	7-1-07	0	4,363	4,363	0	9,911	44
"	7-1-09	0	4,318	4,318	0	10,308	42
Medicare Supplement**	7-1-07	0	513	513	0	N/A	N/A
"	7-1-09	0	960	960	0	N/A	N/A

\*Data only available for one actuarial study.

\*\* Data only available for two actuarial studies.

**SCOTT COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**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.

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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.

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.

Exhibit G-1

Scott County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2010

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	
\$	0 \$	0 \$	0 \$	500 \$	500
Cash	34,164	4,077	93,239	0	131,480
Equity in Pooled Cash and Investments	46,684	0	0	0	46,684
Accounts Receivable	13,187	0	10,500	0	23,687
Due from Other Governments	1,928	0	0	0	1,928
Due from Other Funds					
Total Assets	\$ 95,963 \$	4,077 \$	103,739 \$	500 \$	204,279

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities					
Accounts Payable	\$ 19 \$	800 \$	33,688 \$	0 \$	34,507
Accrued Payroll	859	0	525	0	1,384
Retainage Payable	0	0	0	0	0
Due to Other Funds	882	0	0	500	1,382
Other Deferred Revenues	0	0	0	0	0
Total Liabilities	\$ 1,760 \$	800 \$	34,213 \$	500 \$	37,273
Fund Balances					
Reserved for Encumbrances	\$ 0 \$	0 \$	0 \$	0 \$	0
Unreserved (Deficit)	94,203	3,277	69,526	0	167,006
Total Fund Balances	\$ 94,203 \$	3,277 \$	69,526 \$	0 \$	167,006
Total Liabilities and Fund Balances	\$ 95,963 \$	4,077 \$	103,739 \$	500 \$	204,279

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds</u>				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
\$	0 \$	0 \$	0 \$	0 \$	500
Equity in Pooled Cash and Investments	209,215	5,858	8,294	223,367	354,847
Accounts Receivable	0	0	0	0	46,684
Due from Other Governments	0	0	9,698	9,698	33,385
Due from Other Funds	0	0	0	0	1,928
Total Assets	\$ 209,215 \$	5,858 \$	17,992 \$	233,065 \$	437,344

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable	1,587 \$	0 \$	1,925 \$	3,512 \$	38,019
Accrued Payroll	0	0	0	0	1,384
Retainage Payable	0	0	10,057	10,057	10,057
Due to Other Funds	25,000	0	0	25,000	26,382
Other Deferred Revenues	0	0	9,698	9,698	9,698
Total Liabilities	\$ 26,587 \$	0 \$	21,680 \$	48,267 \$	85,540

Fund Balances

Reserved for Encumbrances	214,744 \$	0 \$	9,981 \$	224,725 \$	224,725
Unreserved (Deficit)	(32,116)	5,858	(13,669)	(39,927)	127,079
Total Fund Balances	\$ 182,628 \$	5,858 \$	(3,688) \$	184,798 \$	351,804

Total Liabilities and Fund Balances

\$ 209,215 \$	5,858 \$	17,992 \$	233,065 \$	437,344
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Scott County, Tennessee  
Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 0	\$ 44,314	\$ 105,098	\$ 0	\$ 0	\$ 149,412
Charges for Current Services	159,078	0	0	10,033	0	169,111
Other Local Revenues	10,214	9,125	466	0	0	19,805
State of Tennessee	42,740	0	0	0	0	42,740
Federal Government	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$ 212,032</b>	<b>\$ 53,439</b>	<b>\$ 105,564</b>	<b>\$ 10,033</b>	<b>\$ 0</b>	<b>\$ 381,068</b>
<u>Expenditures</u>						
<u>Current:</u>						
Finance	\$ 0	\$ 0	\$ 0	\$ 100	\$ 0	\$ 100
Administration of Justice	0	0	130,920	9,933	0	140,853
Public Health and Welfare	267,635	0	0	0	0	267,635
Other Operations	0	54,526	0	0	0	54,526
Highways	11,656	0	0	0	0	11,656
Debt Service:						
Principal on Debt	7,667	0	0	0	0	7,667
Interest on Debt	1,337	0	0	0	0	1,337
Capital Projects	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 288,295</b>	<b>\$ 54,526</b>	<b>\$ 130,920</b>	<b>\$ 10,033</b>	<b>\$ 0</b>	<b>\$ 483,774</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (76,263)</b>	<b>\$ (1,087)</b>	<b>\$ (25,356)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (102,706)</b>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	(87,000)	0	0	0	0	(87,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (87,000)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (87,000)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (163,263)</b>	<b>\$ (1,087)</b>	<b>\$ (25,356)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (189,706)</b>
<b>Fund Balance, July 1, 2009</b>	<b>257,466</b>	<b>4,364</b>	<b>94,882</b>	<b>0</b>	<b>0</b>	<b>356,712</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ 94,203</b>	<b>\$ 3,277</b>	<b>\$ 69,526</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 167,006</b>

(Continued)

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 0 \$	0 \$	0 \$	0 \$	149,412
Charges for Current Services	0	0	0	0	169,111
Other Local Revenues	133	0	0	133	19,938
State of Tennessee	0	0	0	0	42,740
Federal Government	100,000	0	405,496	505,496	505,496
<b>Total Revenues</b>	<b>\$ 100,133 \$</b>	<b>0 \$</b>	<b>405,496 \$</b>	<b>505,629 \$</b>	<b>886,697</b>
<u>Expenditures</u>					
Current:					
Finance	\$ 0 \$	0 \$	0 \$	0 \$	100
Administration of Justice	0	0	0	0	140,853
Public Health and Welfare	0	0	0	0	267,635
Other Operations	0	0	0	0	54,526
Highways	0	0	0	0	11,656
Debt Service:					
Principal on Debt	0	0	0	0	7,667
Interest on Debt	0	0	0	0	1,337
Capital Projects	15,776	0	440,561	456,337	456,337
<b>Total Expenditures</b>	<b>\$ 15,776 \$</b>	<b>0 \$</b>	<b>440,561 \$</b>	<b>456,337 \$</b>	<b>940,111</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 84,357 \$	0 \$	(35,065) \$	49,292 \$	(53,414)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0 \$	0 \$	23,905 \$	23,905 \$	23,905
Transfers Out	0	0	0	0	(87,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0 \$</b>	<b>0 \$</b>	<b>23,905 \$</b>	<b>23,905 \$</b>	<b>(63,095)</b>
Net Change in Fund Balances	\$ 84,357 \$	0 \$	(11,160) \$	73,197 \$	(116,509)
Fund Balance, July 1, 2009	98,271	5,858	7,472	111,601	468,313
<b>Fund Balance, June 30, 2010</b>	<b>\$ 182,628 \$</b>	<b>5,858 \$</b>	<b>(3,688) \$</b>	<b>184,798 \$</b>	<b>351,804</b>

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 159,078	\$ 90,900	\$ 177,613	\$ (18,535)
Other Local Revenues	10,214	5,500	8,482	1,732
State of Tennessee	42,740	31,904	31,904	10,836
Total Revenues	<u>\$ 212,032</u>	<u>\$ 128,304</u>	<u>\$ 217,999</u>	<u>\$ (5,967)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,166	\$ 0	\$ 1,166	\$ 0
Recycling Center	104,940	108,304	110,986	6,046
Postclosure Care Costs	161,529	0	161,529	0
<u>Highways</u>				
Litter and Trash Collection	11,656	20,000	20,000	8,344
<u>Principal on Debt</u>				
General Government	7,667	0	15,334	7,667
<u>Interest on Debt</u>				
General Government	1,337	0	2,090	753
Total Expenditures	<u>\$ 288,295</u>	<u>\$ 128,304</u>	<u>\$ 311,105</u>	<u>\$ 22,810</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (76,263)</u>	<u>\$ 0</u>	<u>\$ (93,106)</u>	<u>\$ 16,843</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (87,000)	\$ 0	\$ (87,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (87,000)</u>	<u>\$ 0</u>	<u>\$ (87,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (163,263)	\$ 0	\$ (180,106)	\$ 16,843
Fund Balance, July 1, 2009	<u>257,466</u>	<u>159,102</u>	<u>291,808</u>	<u>(34,342)</u>
Fund Balance, June 30, 2010	<u><u>\$ 94,203</u></u>	<u><u>\$ 159,102</u></u>	<u><u>\$ 111,702</u></u>	<u><u>\$ (17,499)</u></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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 44,314	\$ 50,503	\$ 57,403	\$ (13,089)
Other Local Revenues	9,125	0	0	9,125
Total Revenues	<u>\$ 53,439</u>	<u>\$ 50,503</u>	<u>\$ 57,403</u>	<u>\$ (3,964)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 54,526	\$ 50,503	\$ 57,403	\$ 2,877
Total Expenditures	<u>\$ 54,526</u>	<u>\$ 50,503</u>	<u>\$ 57,403</u>	<u>\$ 2,877</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,087)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,087)</u>
Net Change in Fund Balance	\$ (1,087)	\$ 0	\$ 0	\$ (1,087)
Fund Balance, July 1, 2009	4,364	3,171	3,171	1,193
Fund Balance, June 30, 2010	<u>\$ 3,277</u>	<u>\$ 3,171</u>	<u>\$ 3,171</u>	<u>\$ 106</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).

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 599,175	\$ 605,990	\$ 605,990	\$ (6,815)
Licenses and Permits	888	600	600	288
Other Local Revenues	126,687	111,907	111,907	14,780
Other Governments and Citizens Groups	14,982	0	0	14,982
Total Revenues	<u>\$ 741,732</u>	<u>\$ 718,497</u>	<u>\$ 718,497</u>	<u>\$ 23,235</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,759,026	\$ 764,029	\$ 2,759,029	\$ 3
<u>Interest on Debt</u>				
General Government	247,896	686,341	620,968	373,072
<u>Other Debt Service</u>				
General Government	111,847	57,621	127,621	15,774
Total Expenditures	<u>\$ 3,118,769</u>	<u>\$ 1,507,991</u>	<u>\$ 3,507,618</u>	<u>\$ 388,849</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,377,037)</u>	<u>\$ (789,494)</u>	<u>\$ (2,789,121)</u>	<u>\$ 412,084</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 2,004,362	\$ 0	\$ 2,004,362	\$ 0
Transfers In	265,298	683,845	683,845	(418,547)
Transfers Out	(33,075)	(28,340)	(33,075)	0
Total Other Financing Sources (Uses)	<u>\$ 2,236,585</u>	<u>\$ 655,505</u>	<u>\$ 2,655,132</u>	<u>\$ (418,547)</u>
Net Change in Fund Balance	\$ (140,452)	\$ (133,989)	\$ (133,989)	\$ (6,463)
Fund Balance, July 1, 2009	<u>382,472</u>	<u>355,973</u>	<u>355,973</u>	<u>26,499</u>
Fund Balance, June 30, 2010	<u>\$ 242,020</u>	<u>\$ 221,984</u>	<u>\$ 221,984</u>	<u>\$ 20,036</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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,155,368	\$ 1,166,810	\$ 1,166,810	\$ (11,442)
Other Local Revenues	192,786	177,220	177,220	15,566
Other Governments and Citizens Groups	185,773	185,773	185,773	0
Total Revenues	<u>\$ 1,533,927</u>	<u>\$ 1,529,803</u>	<u>\$ 1,529,803</u>	<u>\$ 4,124</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,572,879	\$ 910,709	\$ 1,572,913	\$ 34
<u>Interest on Debt</u>				
Education	460,970	565,710	565,710	104,740
<u>Other Debt Service</u>				
Education	35,359	50,891	50,891	15,532
Total Expenditures	<u>\$ 2,069,208</u>	<u>\$ 1,527,310</u>	<u>\$ 2,189,514</u>	<u>\$ 120,306</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (535,281)</u>	<u>\$ 2,493</u>	<u>\$ (659,711)</u>	<u>\$ 124,430</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 662,204	\$ 0	\$ 662,204	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 662,204</u>	<u>\$ 0</u>	<u>\$ 662,204</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 126,923	\$ 2,493	\$ 2,493	\$ 124,430
Fund Balance, July 1, 2009	<u>314,331</u>	<u>288,365</u>	<u>288,365</u>	<u>25,966</u>
Fund Balance, June 30, 2010	<u>\$ 441,254</u>	<u>\$ 290,858</u>	<u>\$ 290,858</u>	<u>\$ 150,396</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.

Exhibit I-1

Scott County, Tennessee  
 Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	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	\$ 663,915	\$ 0	\$ 0	\$ 663,915
Equity in Pooled Cash and Investments	0	3,349	51,177	0	87,613	0	142,139
Accounts Receivable	0	0	0	0	3,090	0	3,090
Due from Other Governments	242,096	0	93,483	0	18,893	0	354,472
Property Taxes Receivable	0	492,264	881,071	0	0	0	1,373,335
Allowance for Uncollectible Property Taxes	0	(32,061)	(58,117)	0	0	0	(90,178)
Total Assets	\$ 242,096	\$ 463,552	\$ 967,614	\$ 663,915	\$ 109,596	\$ 0	\$ 2,446,773
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80	\$ 0	\$ 80
Payroll Deductions Payable	0	0	0	0	114	0	114
Due to Other Taxing Units	242,096	463,552	967,614	0	0	0	1,673,262
Due to Litigants, Heirs, and Others	0	0	0	663,915	0	0	663,915
Due to Joint Venture	0	0	0	0	109,402	0	109,402
Total Liabilities	\$ 242,096	\$ 463,552	\$ 967,614	\$ 663,915	\$ 109,596	\$ 0	\$ 2,446,773

## Exhibit I-2

Scott County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,384,447	\$ 1,384,447	\$ 0
Due from Other Governments	238,651	242,096	238,651	242,096
Total Assets	\$ 238,651	\$ 1,626,543	\$ 1,623,098	\$ 242,096
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 238,651	\$ 1,626,543	\$ 1,623,098	\$ 242,096
Total Liabilities	\$ 238,651	\$ 1,626,543	\$ 1,623,098	\$ 242,096
<u>Special School District</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,532	\$ 416,234	\$ 416,417	\$ 3,349
Property Taxes Receivable	498,809	492,264	498,809	492,264
Allowance for Uncollectible Taxes	(23,367)	(32,061)	(23,367)	(32,061)
Total Assets	\$ 478,974	\$ 876,437	\$ 891,859	\$ 463,552
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 478,974	\$ 876,437	\$ 891,859	\$ 463,552
Total Liabilities	\$ 478,974	\$ 876,437	\$ 891,859	\$ 463,552
<u>City School ADA - Oneida Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 57,630	\$ 1,677,934	\$ 1,684,387	\$ 51,177
Due from Other Governments	91,385	93,483	91,385	93,483
Property Taxes Receivable	956,313	881,071	956,313	881,071
Allowance for Uncollectible Taxes	(44,437)	(58,117)	(44,437)	(58,117)
Total Assets	\$ 1,060,891	\$ 2,594,371	\$ 2,687,648	\$ 967,614
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,060,891	\$ 2,594,371	\$ 2,687,648	\$ 967,614
Total Liabilities	\$ 1,060,891	\$ 2,594,371	\$ 2,687,648	\$ 967,614
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 503,553	\$ 4,248,166	\$ 4,087,804	\$ 663,915
Total Assets	\$ 503,553	\$ 4,248,166	\$ 4,087,804	\$ 663,915

(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	\$ 503,553	\$ 4,248,166	\$ 4,087,804	\$ 663,915
Total Liabilities	\$ 503,553	\$ 4,248,166	\$ 4,087,804	\$ 663,915
<u>Judicial District Drug</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 120,887	\$ 234,038	\$ 267,312	\$ 87,613
Accounts Receivable	4,040	3,090	4,040	3,090
Due from Other Governments	4,218	18,893	4,218	18,893
Total Assets	\$ 129,145	\$ 256,021	\$ 275,570	\$ 109,596
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 80	\$ 0	\$ 80
Payroll Deductions Payable	0	114	0	114
Due to Joint Venture	129,145	255,827	275,570	109,402
Total Liabilities	\$ 129,145	\$ 256,021	\$ 275,570	\$ 109,596
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 503,553	\$ 4,248,166	\$ 4,087,804	\$ 663,915
Equity in Pooled Cash and Investments	182,049	3,712,653	3,752,563	142,139
Account Receivables	4,040	3,090	4,040	3,090
Due from Other Governments	334,254	354,472	334,254	354,472
Property Taxes Receivable	1,455,122	1,373,335	1,455,122	1,373,335
Allowance for Uncollectible Taxes	(67,804)	(90,178)	(67,804)	(90,178)
Total Assets	\$ 2,411,214	\$ 9,601,538	\$ 9,565,979	\$ 2,446,773
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 80	\$ 0	\$ 80
Payroll Deductions Payable	0	114	0	114
Due to Other Taxing Units	1,778,516	5,097,351	5,202,605	1,673,262
Due to Litigants, Heirs, and Others	503,553	4,248,166	4,087,804	663,915
Due to Joint Venture	129,145	255,827	275,570	109,402
Total Liabilities	\$ 2,411,214	\$ 9,601,538	\$ 9,565,979	\$ 2,446,773

# Scott County School Department

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

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

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

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

Exhibit J-1

Scott County, Tennessee  
Statement of Activities  
Discretely Presented Scott County School Department  
For the Year Ended June 30, 2010

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	\$ 14,335,782	\$ 30,356	\$ 1,679,884	\$ 0	\$ (12,625,542)
Support Services	6,695,135	0	435,561	6,764,072	504,498
Operation of Non-Instructional Services	2,531,776	276,435	2,376,248	0	120,907
Interest on Long-term Debt	113,250	0	0	0	(113,250)
Other Debt Service	185,773	0	0	0	(185,773)
Total Governmental Activities	\$ 23,861,716	\$ 306,791	\$ 4,491,693	\$ 6,764,072	\$ (12,299,160)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,896,536
Local Option Sales Taxes					1,222,956
Other Local Taxes					1,290
Grants and Contributions Not Restricted to Specific Programs					15,392,798
Unrestricted Investment Income					392
Miscellaneous					41,207
Total General Revenues					\$ 18,555,179
Change in Net Assets					\$ 6,256,019
Net Assets, July 1, 2009					13,976,815
Net Assets, June 30, 2010					\$ 20,232,834

Exhibit J-2

Scott County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Scott County School Department  
 June 30, 2010

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Funds Central Cafeteria Fund	
<u>ASSETS</u>				
Cash	\$ 0	\$ 37,654	\$ 9,869	\$ 47,523
Equity in Pooled Cash and Investments	2,040,622	7,296	502,872	2,550,790
Accounts Receivable	0	0	2,404	2,404
Due from Other Governments	869,809	52,636	405	922,850
Due from Other Funds	0	100,000	0	100,000
Property Taxes Receivable	2,072,570	0	0	2,072,570
Allowance for Uncollectible Property Taxes	(136,711)	0	0	(136,711)
<b>Total Assets</b>	<b>\$ 4,846,290</b>	<b>\$ 197,586</b>	<b>\$ 515,550</b>	<b>\$ 5,559,426</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 419,590	\$ 2,926	\$ 0	\$ 422,516
Accrued Payroll	39,607	0	0	39,607
Payroll Deductions Payable	152,052	208	278	152,538
Due to Other Funds	100,000	0	0	100,000
Due to Primary Government	15,413	0	0	15,413
Other Current Liabilities	0	37,654	5,757	43,411
Deferred Revenue - Current Property Taxes	1,813,230	0	0	1,813,230
Deferred Revenue - Delinquent Property Taxes	112,100	0	0	112,100
Other Deferred Revenues	115,462	0	0	115,462
<b>Total Liabilities</b>	<b>\$ 2,767,454</b>	<b>\$ 40,788</b>	<b>\$ 6,035</b>	<b>\$ 2,814,277</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 58,912	\$ 91,252	\$ 0	\$ 150,164
Other Local Education Reserves	61,992	0	0	61,992
Reserved for Career Ladder Program	29,195	0	0	29,195
Reserved for Technology	105,396	0	0	105,396
Reserved for Basic Education Program	140,934	0	0	140,934
Reserved for Title I Grants to Local Education Agencies	0	46,079	0	46,079
Reserved for Special Education - Grants to States	0	39	0	39
Other Federal Reserves	0	5,692	0	5,692
Unreserved, Reported In:				
General Fund	1,682,407	0	0	1,682,407
Special Revenue Funds	0	13,736	509,515	523,251
<b>Total Fund Balances</b>	<b>\$ 2,078,836</b>	<b>\$ 156,798</b>	<b>\$ 509,515</b>	<b>\$ 2,745,149</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,846,290</b>	<b>\$ 197,586</b>	<b>\$ 515,550</b>	<b>\$ 5,559,426</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, 2010

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)		\$ 2,745,149
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 910,561	
Add: construction in progress	7,024,906	
Add: building and improvements net of accumulated depreciation	11,568,093	
Add: other capital assets net of accumulated depreciation	<u>1,439,946</u>	20,943,506
(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	\$ (2,424,679)	
Less: other postemployment benefits liability	<u>(1,258,704)</u>	(3,683,383)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>227,562</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 20,232,834</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, 2010

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Funds Central Cafeteria Fund	
<u>Revenues</u>				
Local Taxes	\$ 3,145,203	\$ 0	\$ 0	\$ 3,145,203
Licenses and Permits	620	0	0	620
Charges for Current Services	31,168	0	276,435	307,603
Other Local Revenues	182,124	0	5,175	187,299
State of Tennessee	15,499,350	0	15,540	15,514,890
Federal Government	112,133	2,764,843	1,326,017	4,202,993
Other Governments and Citizens Groups	63,225	0	0	63,225
Total Revenues	<u>\$ 19,033,823</u>	<u>\$ 2,764,843</u>	<u>\$ 1,623,167</u>	<u>\$ 23,421,833</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 11,557,223	\$ 2,350,197	\$ 0	\$ 13,907,420
Support Services	5,481,250	389,831	0	5,871,081
Operation of Non-Instructional Services	1,099,087	0	1,433,818	2,532,905
Capital Outlay	82,748	0	0	82,748
Debt Service:				
Principal on Debt	48,375	0	0	48,375
Interest on Debt	113,250	0	0	113,250
Other Debt Service	185,773	0	0	185,773
Total Expenditures	<u>\$ 18,567,706</u>	<u>\$ 2,740,028</u>	<u>\$ 1,433,818</u>	<u>\$ 22,741,552</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 466,117</u>	<u>\$ 24,815</u>	<u>\$ 189,349</u>	<u>\$ 680,281</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 5,051	\$ 0	\$ 0	\$ 5,051
Transfers In	32,849	100,000	0	132,849
Transfers Out	(100,000)	(32,849)	0	(132,849)
Total Other Financing Sources (Uses)	<u>\$ (62,100)</u>	<u>\$ 67,151</u>	<u>\$ 0</u>	<u>\$ 5,051</u>
Net Change in Fund Balances	\$ 404,017	\$ 91,966	\$ 189,349	\$ 685,332
Fund Balance, July 1, 2009	<u>1,674,819</u>	<u>64,832</u>	<u>320,166</u>	<u>2,059,817</u>
Fund Balance, June 30, 2010	<u>\$ 2,078,836</u>	<u>\$ 156,798</u>	<u>\$ 509,515</u>	<u>\$ 2,745,149</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, 2010

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)		\$	685,332
(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	\$	106,563	
Less: current year depreciation expense		<u>(874,322)</u>	(767,759)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.			
Add: assets donated and capitalized			6,755,245
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$	227,562	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(291,956)</u>	(64,394)
(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:			
Add: principal payments on capital leases			48,375
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability			<u>(400,780)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>6,256,019</u>

Exhibit J-6

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Scott County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,145,203	\$ 0	\$ 0	\$ 3,145,203	\$ 3,229,779	\$ 3,229,779	\$ (84,576)
Licenses and Permits	620	0	0	620	500	500	120
Charges for Current Services	31,168	0	0	31,168	42,000	42,000	(10,832)
Other Local Revenues	182,124	0	0	182,124	0	32,908	149,216
State of Tennessee	15,499,350	0	0	15,499,350	15,204,491	15,538,234	(38,884)
Federal Government	112,133	0	0	112,133	116,244	116,244	(4,111)
Other Governments and Citizens Groups	63,225	0	0	63,225	0	63,000	225
<u>Total Revenues</u>	<u>\$ 19,033,823</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,033,823</u>	<u>\$ 18,593,014</u>	<u>\$ 19,022,665</u>	<u>\$ 11,158</u>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 9,800,961	\$ (26,563)	\$ 23,705	\$ 9,798,103	\$ 9,570,380	\$ 9,898,741	\$ 100,638
Alternative Instruction Program	69,206	0	0	69,206	75,099	70,305	1,099
Special Education Program	1,174,179	(6,842)	7,571	1,174,908	1,178,608	1,181,608	6,700
Vocational Education Program	512,877	0	0	512,877	601,940	541,374	28,497
<u>Support Services</u>							
Attendance	75,064	0	0	75,064	82,790	80,325	5,261
Health Services	245,676	0	1,458	247,134	125,147	256,537	9,403
Other Student Support	328,250	0	0	328,250	341,770	333,876	5,626
Regular Instruction Program	586,263	0	0	586,263	687,172	619,350	33,087
Special Education Program	190,776	0	0	190,776	212,222	212,222	21,446
Other Programs	100,805	0	0	100,805	0	100,805	0
Board of Education	376,311	0	0	376,311	397,431	391,450	15,139
Director of Schools	263,021	0	0	263,021	250,602	267,528	4,507

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 753,553	\$ 0	\$ 0	\$ 753,553	\$ 762,114	\$ 771,466	\$ 17,913
Operation of Plant	1,278,513	0	0	1,278,513	1,415,749	1,384,303	105,790
Maintenance of Plant	173,242	0	0	173,242	201,121	203,691	30,449
Transportation	954,877	0	0	954,877	1,102,365	1,132,442	177,565
Central and Other	154,899	0	0	154,899	163,291	155,891	992
<u>Operation of Non-Instructional Services</u>							
Community Services	42,307	0	3,858	46,165	50,000	50,000	3,835
Early Childhood Education	1,056,780	(50,569)	400	1,006,611	1,006,973	1,006,973	362
<u>Capital Outlay</u>							
Regular Capital Outlay	82,748	0	21,920	104,668	75,000	140,000	35,332
<u>Principal on Debt</u>							
Education	48,375	0	0	48,375	46,005	48,375	0
<u>Interest on Debt</u>							
Education	113,250	0	0	113,250	115,620	113,250	0
<u>Other Debt Service</u>							
Education	185,773	0	0	185,773	185,773	185,773	0
<u>Total Expenditures</u>	<u>\$ 18,567,706</u>	<u>\$ (83,974)</u>	<u>\$ 58,912</u>	<u>\$ 18,542,644</u>	<u>\$ 18,647,172</u>	<u>\$ 19,146,285</u>	<u>\$ 603,641</u>
<u>Excess (Deficiency) of Revenues</u>							
<u>Over Expenditures</u>	\$ 466,117	\$ 83,974	\$ (58,912)	\$ 491,179	\$ (54,158)	\$ (123,620)	\$ 614,799
<u>Other Financing Sources (Uses)</u>							
<u>Insurance Recovery</u>	\$ 5,051	\$ 0	\$ 0	\$ 5,051	\$ 0	\$ 0	\$ 5,051

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers In	\$ 32,849	\$ 0	\$ 0	\$ 32,849	\$ 44,158	\$ 44,158	\$ (11,309)
Transfers Out	(100,000)	0	0	(100,000)	0	(100,000)	0
Total Other Financing Sources (Uses)	<u>\$ (62,100)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (62,100)</u>	<u>\$ 44,158</u>	<u>\$ (55,842)</u>	<u>\$ (6,258)</u>
Net Change in Fund Balance	\$ 404,017	\$ 83,974	\$ (58,912)	\$ 429,079	\$ (10,000)	\$ (179,462)	\$ 608,541
Fund Balance, July 1, 2009	<u>1,674,819</u>	<u>(83,974)</u>	<u>0</u>	<u>1,590,845</u>	<u>1,626,973</u>	<u>1,626,973</u>	<u>(36,128)</u>
Fund Balance, June 30, 2010	<u>\$ 2,078,836</u>	<u>\$ 0</u>	<u>\$ (58,912)</u>	<u>\$ 2,019,924</u>	<u>\$ 1,616,973</u>	<u>\$ 1,447,511</u>	<u>\$ 572,413</u>

Exhibit J-7

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Scott County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,764,843	\$ 0	\$ 2,764,843	\$ 3,847,325	\$ 3,967,040	\$ (1,202,197)
Total Revenues	\$ 2,764,843	\$ 0	\$ 2,764,843	\$ 3,847,325	\$ 3,967,040	\$ (1,202,197)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,450,169	\$ 0	\$ 1,450,169	\$ 1,631,991	\$ 1,631,991	\$ 181,822
Special Education Program	840,478	0	840,478	1,249,002	1,236,661	396,183
Vocational Education Program	59,550	0	59,550	52,000	59,619	69
<u>Support Services</u>						
Other Student Support	27,582	0	27,582	425,948	421,434	393,852
Regular Instruction Program	243,463	0	243,463	366,682	366,682	123,219
Special Education Program	14,151	0	14,151	25,000	54,974	40,823
Vocational Education Program	684	0	684	2,100	684	0
Transportation	103,951	91,252	195,203	110,340	218,640	23,437
Total Expenditures	\$ 2,740,028	\$ 91,252	\$ 2,831,280	\$ 3,863,063	\$ 3,990,685	\$ 1,159,405
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 24,815	\$ (91,252)	\$ (66,437)	\$ (15,738)	\$ (23,645)	\$ (42,792)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 100,000	\$ 0	\$ 100,000	\$ 167,176	\$ 100,000	\$ 0
Transfers Out	(32,849)	0	(32,849)	(210,489)	(41,687)	8,838
Total Other Financing Sources (Uses)	\$ 67,151	\$ 0	\$ 67,151	\$ (43,313)	\$ 58,313	\$ 8,838
<u>Net Change in Fund Balance</u>						
Fund Balance, July 1, 2009	\$ 91,966	\$ (91,252)	\$ 714	\$ (59,051)	\$ 34,668	\$ (33,954)
Fund Balance, June 30, 2010	64,832	0	64,832	64,832	64,832	0
Fund Balance, June 30, 2010	\$ 156,798	\$ (91,252)	\$ 65,546	\$ 5,781	\$ 99,500	\$ (33,954)

Exhibit J-8

Scott County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Scott County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 276,435	\$ 286,000	\$ 286,000	\$ (9,565)
Other Local Revenues	5,175	300	3,300	1,875
State of Tennessee	15,540	16,500	16,500	(960)
Federal Government	1,326,017	1,134,700	1,271,058	54,959
Total Revenues	<u>\$ 1,623,167</u>	<u>\$ 1,437,500</u>	<u>\$ 1,576,858</u>	<u>\$ 46,309</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,433,818	\$ 1,440,500	\$ 1,576,858	\$ 143,040
Total Expenditures	<u>\$ 1,433,818</u>	<u>\$ 1,440,500</u>	<u>\$ 1,576,858</u>	<u>\$ 143,040</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 189,349</u>	<u>\$ (3,000)</u>	<u>\$ 0</u>	<u>\$ 189,349</u>
Net Change in Fund Balance	\$ 189,349	\$ (3,000)	\$ 0	\$ 189,349
Fund Balance, July 1, 2009	<u>320,166</u>	<u>326,976</u>	<u>326,976</u>	<u>(6,810)</u>
Fund Balance, June 30, 2010	<u>\$ 509,515</u>	<u>\$ 323,976</u>	<u>\$ 326,976</u>	<u>\$ 182,539</u>

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## MISCELLANEOUS SCHEDULES

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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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<b>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES:</b>								
<b>NOTES PAYABLE</b>								
<u>Payable through Highway/Public Works Fund</u>								
Equipment	\$ 301,812	3.7	5-20-03	5-20-15	\$ 150,906	0	\$ 25,151	\$ 125,755
Equipment	136,500	3.5	5-21-03	5-21-12	45,499	0	15,167	30,332
Bridge Replacement/Equipment	300,000	4.99	8-30-05	6-30-17	200,000	0	25,000	175,000
Road Resurface/Guardrails	300,000	4.77	9-15-06	9-15-13	167,000	0	33,333	133,667
Road Resurface	300,000	3.98	12-5-07	12-1-16	266,666	0	33,334	233,332
Asphalt	200,000	3.33	1-9-09	1-10-12	200,000	0	33,333	166,667
Road Resurface	600,000	3.57	8-31-09	8-28-12	0	600,000	0	600,000
Total Payable through Highway/Public Works Fund					\$ 1,030,071	\$ 600,000	\$ 165,318	\$ 1,464,753

<u>Payable through General Debt Service Fund</u>								
Public Works (Waterlines)	250,000	2.7	5-20-03	5-20-15	\$ 125,000	0	\$ 20,833	\$ 104,167
Various Projects	230,000	3.57	6-3-04	12-30-12 (1)	101,667	0	25,667	76,000
Various Projects	300,000	4.6	5-31-05	5-31-11	166,664	0	33,334	133,330
Airport Improvements	125,000	4.74	11-30-05	11-30-17	93,749	0	10,417	83,332
Bleachers/Other School Projects	325,000	5	5-17-06	5-30-18	243,750	0	27,083	216,667
Scott High Gym and Oneida High Bus	149,500	3.59	4-4-07	4-4-13 (2)	116,278	0	16,611	99,667
Aviation Fuel Truck	18,000	4.77	4-10-07	4-10-10	6,000	0	6,000	0
Vehicles, Equipment, Guard Rails	169,191	3.59	6-19-07	4-4-13 (2)	131,593	0	18,799	112,794
Highway Equipment	212,300	4.9	6-19-07	6-19-19	176,916	0	17,692	159,224
Police Vehicles and Equipment	106,618	3.26	9-25-08	9-25-11	106,618	0	21,324	85,294
School Projects Bond Anticipation Note	2,000,000	1.51	11-9-09	12-31-09	0	2,000,000	2,000,000	0
Aviation Projects	434,103	3.596	2-9-10	2-5-13	0	434,103	0	434,103
Public Works (Mowing Tractors)	54,957	3.85	6-4-10	6-4-13	0	54,957	0	54,957
Total Payable through General Debt Service Fund					\$ 1,268,235	\$ 2,489,060	\$ 2,197,760	\$ 1,559,535
<u>Payable through Solid Waste/Sanitation Fund</u>								
Solid Waste Disposal	70,000	3.57	6-3-04	12-30-12 (1)	\$ 31,665	0	\$ 7,667	\$ 23,998
Total Payable through Solid Waste/Sanitation Fund					\$ 31,665	0	\$ 7,667	\$ 23,998

(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 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<b>PRIMARY GOVERNMENT (CONT.)</b>								
<b>GOVERNMENTAL ACTIVITIES (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	\$ 177,801	\$ 0	\$ 35,561	\$ 142,240
Transportation Equipment	471,760	4.05	8-29-05	8-29-14	306,243	0	46,087	260,156
Winfield Construction Project	388,182	4.99	8-24-05	6-24-17	258,788	0	32,348	226,440
Winfield Construction Project	278,277	4.74	11-30-05	11-30-17	208,707	0	23,190	185,517
Scott High Construction Projects	190,579	4.9	6-19-07	12-4-15	148,228	0	21,175	127,053
Transportation Equipment	518,096	4.88	8-28-06	8-28-18	431,746	0	43,175	388,571
Huntsville Elementary and Technology Center Roof Projects	245,570	3.72	6-2-08	6-2-17	218,284	0	27,286	190,998
Robbins and Burchfield Schools Improvements	662,204	3.49	3-3-09	3-5-12	662,204	0	662,204	0
Total Payable through Rural Debt Service Fund					\$ 2,412,001	\$ 0	\$ 891,026	\$ 1,520,975
Total Notes Payable					\$ 4,741,972	\$ 3,089,060	\$ 3,261,771	\$ 4,569,261
<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	\$ 628,900	\$ 0	\$ 39,500	\$ 589,400
Justice Center	(3)	Varies	2-27-07	5-25-34	8,938,490	0	189,000	8,749,490
School Renovations and Improvements	13,940,000	Varies	12-15-09	5-25-35	0	13,940,000	0	13,940,000
Total Payable through General Debt Service Fund					\$ 9,567,390	\$ 13,940,000	\$ 228,500	\$ 23,278,890
<u>Payable through Rural Debt Service Fund</u>								
Various Schools Projects	3,000,000	Varies	10-2-03	5-25-23	\$ 2,374,000	\$ 0	\$ 137,000	\$ 2,237,000
Total Payable through Rural Debt Service Fund					\$ 2,374,000	\$ 0	\$ 137,000	\$ 2,237,000
Total Other Loans Payable					\$ 11,941,390	\$ 13,940,000	\$ 365,500	\$ 25,515,890

(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 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<b>PRIMARY GOVERNMENT (CONT.)</b>								
<b>GOVERNMENTAL ACTIVITIES (CONT.)</b>								
<b>CAPITAL LEASES PAYABLE</b>								
Payable through General Debt Service Fund								
Sheriff Vehicle	\$ 28,500	3.99 %	11-17-04	11-16-09	\$ 3,109	\$ 0	\$ 3,109	\$ 0
Sheriff Vehicles	91,171	3.47	3-18-05	3-18-10	19,510	0	19,510	0
Total Capital Leases Payable					\$ 22,619	\$ 0	\$ 22,619	\$ 0
<b>BONDS PAYABLE</b>								
Payable through General Debt Service Fund								
General Obligation Bonds	500,000	5	11-1-1979	1-1-17	\$ 190,000	\$ 0	\$ 20,000	\$ 170,000
Refunding	3,093,784	1.1 to 3.55	10-21-03	6-1-15	845,182	0	250,147	595,035
General Obligation Bonds, Series 2004	650,000	4 to 4.7	12-30-04	5-1-35	600,000	0	15,000	585,000
General Obligation Bonds, Series 2008	1,250,000	3 to 4.5	2-14-08	6-1-28	1,225,000	0	25,000	1,200,000
Total Payable through General Debt Service Fund					\$ 2,860,182	\$ 0	\$ 310,147	\$ 2,550,035
Payable through Rural Debt Service Fund								
Refunding	6,630,000	3.65 to 4.5	11-1-1998	4-1-14	\$ 2,855,000	\$ 0	\$ 525,000	\$ 2,330,000
Refunding	413,851	1.1 to 3.3	10-21-03	6-1-13	74,818	0	19,853	54,965
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					\$ 8,304,818	\$ 0	\$ 544,853	\$ 7,759,965
Total Bonds Payable					\$ 11,165,000	\$ 0	\$ 855,000	\$ 10,310,000

(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 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>BUSINESS-TYPE ACTIVITIES</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through Public Utility Fund</u>								
Revenue and Tax Bonds	\$ 255,000	4.25 %	9-28-07	8-31-45	\$ 250,041	0 \$	2,991 \$	247,050
General Obligation Bonds - Refunding	490,000	1.1 to 4.7	10-21-03	6-1-27	435,000	0	15,000	420,000
Total Bonds Payable					\$ 685,041	0 \$	17,991 \$	667,050
<u>DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Energy Efficiency Upgrades	2,499,652	4.62	5-15-08	5-15-27	\$ 2,473,054	0 \$	48,375 \$	2,424,679
Total Capital Leases					\$ 2,473,054	0 \$	48,375 \$	2,424,679

(1) This note had an original maturity date of 6-30-10, but the county refinanced it during the current year to extend the maturity date until 12-30-12.

(2) This note had an original maturity date of 4-4-10, but the county refinanced it during the current year to extend the maturity date until 4-4-13.

(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, 2010.

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  
GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 716,628	\$ 185,447	\$ 902,075
2012	927,879	150,552	1,078,431
2013	1,449,226	111,106	1,560,332
2014	429,971	63,746	493,717
2015	362,928	45,952	408,880
2016	260,701	29,662	290,363
2017	239,516	17,847	257,363
2018	121,550	7,193	128,743
2019	60,862	1,920	62,782
Total	\$ 4,569,261	\$ 613,425	\$ 5,182,686

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 673,500	\$ 82,996	\$ 204,026	\$ 960,522
2012	704,600	80,916	198,857	984,373
2013	736,700	78,735	193,444	1,008,879
2014	771,000	76,453	187,781	1,035,234
2015	807,400	74,062	181,851	1,063,313
2016	845,000	71,555	175,638	1,092,193
2017	883,600	68,928	169,131	1,121,659
2018	924,400	66,178	162,324	1,152,902
2019	967,300	63,297	155,196	1,185,793
2020	1,013,400	60,279	147,734	1,221,413
2021	1,059,500	57,114	139,912	1,256,526
2022	1,038,000	53,799	131,727	1,223,526
2023	1,087,000	50,623	123,687	1,261,310
2024	925,000	47,294	115,263	1,087,557
2025	970,000	44,232	107,773	1,122,005

(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.)  
GOVERNMENTAL ACTIVITIES (CONT.)

Year Ending June 30	Other Loans (Cont.)			
	Principal	Interest	Other Fees	Total
2026	\$ 1,019,000	\$ 41,020	\$ 99,918	\$ 1,159,938
2027	1,071,000	37,647	91,666	1,200,313
2028	1,123,000	34,101	82,994	1,240,095
2029	1,180,000	30,384	73,900	1,284,284
2030	1,239,000	26,477	64,344	1,329,821
2031	1,301,000	22,375	54,312	1,377,687
2032	1,366,000	18,068	43,777	1,427,845
2033	1,434,000	13,546	32,714	1,480,260
2034	1,434,490	8,799	21,103	1,464,392
2035	942,000	3,956	9,301	955,257
Total	<u>\$ 25,515,890</u>	<u>\$ 1,212,834</u>	<u>\$ 2,968,373</u>	<u>\$ 29,697,097</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
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

(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.)  
GOVERNMENTAL ACTIVITIES (CONT.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
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	\$ 10,310,000	\$ 4,693,897	\$ 15,003,897

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 18,120	\$ 28,065	\$ 46,185
2012	18,241	27,480	45,721
2013	23,410	26,829	50,239
2014	23,544	26,036	49,580
2015	23,697	25,173	48,870
2016	23,858	24,302	48,160
2017	24,025	23,315	47,340
2018	29,199	22,321	51,520
2019	29,381	21,114	50,495
2020	29,558	19,912	49,470
2021	29,781	18,664	48,445
2022	29,976	17,544	47,520
2023	35,191	16,004	51,195
2024	35,416	14,429	49,845
2025	40,652	12,843	53,495
2026	40,896	10,954	51,850
2027	41,152	9,053	50,205
2028	6,408	7,152	13,560
2029	6,706	6,854	13,560
2030	6,986	6,574	13,560
2031	7,289	6,271	13,560
2032	7,597	5,963	13,560
2033	7,942	5,618	13,560
2034	8,279	5,281	13,560

(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.)  
BUSINESS-TYPE ACTIVITIES (CONT.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2035	\$ 8,638	\$ 4,922	\$ 13,560
2036	9,005	4,555	13,560
2037	9,408	4,152	13,560
2038	9,810	3,750	13,560
2039	10,235	3,325	13,560
2040	10,675	2,885	13,560
2041	11,145	2,415	13,560
2042	11,624	1,936	13,560
2043	12,128	1,432	13,560
2044	12,653	907	13,560
2045	13,201	359	13,560
2046	1,224	5	1,229
Total	\$ 667,050	\$ 418,394	\$ 1,085,444

DISCRETELY PRESENTED SCOTT  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
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	294,452	7,451	301,903
Total	\$ 2,424,679	\$ 1,207,721	\$ 3,632,400

Exhibit K-3

Scott County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Scott County School Department  
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 252,121
General	Other Capital Projects	Capital projects	23,905
General	Public Utility	Capital projects	3,293
General	Public Utility	Operations	102,664
Solid Waste/Sanitation	Public Utility	Operations	87,000
Ambulance	General	Operations	500,000
Highway/Public Works	General Debt Service	Debt retirement	13,177
General Debt Service	Public Utility	Debt retirement	33,075
Total Transfers Primary Government			<u>\$ 1,015,235</u>
<u>DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 32,849
General Purpose School	School Federal Projects	Cash flow	100,000
Total Transfers Discretely Presented Scott County School Department			<u>\$ 132,849</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, 2010

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	63,543	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 (1)	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	57,751 (2)	50,000	"
Register	Section 8-24-102, TCA	57,751	25,000	"
Sheriff				
Anthony Lay (7-1-09 through 5-11-10)	Section 8-24-102, TCA	56,197	50,000	"
Bobby Ellis (5-12-10 through 6-30-10)	Board of County Commissioners	8,709 (3)		
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			25,000	"
Clerk and Master			25,000	"
Register			25,000	"
Sheriff			4,000	"

(1) Does not include special commissioner fees of \$4,054.

(2) Does not include special commissioner fees of \$5,450.

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Scott County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2010

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,571,251	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(13,910)	0	0	0	0	0	0	0
Trustee's Collections - Prior Year	82,301	0	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	38,391	0	0	0	0	0	0	0
Interest and Penalty	12,853	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	24	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	128,565	0	0	0	0	0	0	0
<u>County Local Option Taxes</u>								
Local Option Sales Tax	243,927	0	0	0	0	0	0	0
Hotel/Motel Tax	37,875	0	0	0	0	0	0	0
Litigation Tax - General	45,991	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	96,063	0	0	0	0	0	0	0
Business Tax	122,918	0	0	0	0	0	0	235
<u>Statutory Local Taxes</u>								
Bank Excise Tax	111,937	0	0	0	0	0	0	0
Wholesale Beer Tax	56,878	0	0	0	0	0	0	0
Interstate Telecommunications Tax	1,324	0	0	0	0	0	0	0
Total Local Taxes	\$ 2,536,388	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	235
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	22,821	0	0	0	0	0	0	0
<u>Permits</u>								
Beer Permits	570	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 23,391	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 21,012	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Officers Costs	\$ 10,398	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	25,434	0	0	0	0
Jail Fees	48	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	526	0	0	0	0	0	0	0
<u>Criminal Court</u>								
District Attorney General Fees	0	0	0	0	20,992	0	0	0
<u>General Sessions Court</u>								
Fines	73,004	0	0	0	0	0	0	0
Officers Costs	15,348	0	0	0	0	0	0	0
Game and Fish Fines	248	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	10,355	0	0	0	0
Drug Court Fees	5,575	0	0	0	0	0	0	0
Jail Fees	2,919	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	74,106	0	0	0
Data Entry Fee - General Sessions Court	2,272	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Data Entry Fee - Chancery Court	174	0	0	0	0	0	0	0
Courtroom Security Fee	43	0	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	470	0	0	0	0	0	0	0
Other Fines, Forfeitures, and Penalties	0	0	0	8,525	10,000	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 132,037</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 44,314</b>	<b>\$ 105,098</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Convenience Waste Centers Collection Charge	\$ 0	\$ 1,047	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Surcharge - Host Agency	0	158,031	0	0	0	0	0	0
Patient Charges	0	0	2,277,100	0	0	0	0	0
Other General Service Charges	10,768	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>Charges for Current Services (Cont.)</u>								
<u>Fees</u>								
Airport Fees	\$ 267,121	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	529	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	9,504	0	0
Data Processing Fee - Register	7,000	0	0	0	0	0	0	0
Probation Fees	40,171	0	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,260	0	0	0	0	0	0	0
Data Processing Fee - County Clerk	1,156	0	0	0	0	0	0	0
Total Charges for Current Services	\$ 330,476	\$ 159,078	\$ 2,277,100	\$ 0	\$ 0	\$ 10,033	\$ 0	\$ 0
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 150,809	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	109,626	0	0	0	0	0	0	0
Sale of Materials and Supplies	0	2,737	0	0	0	0	4,247	0
Commissary Sales	23,773	0	0	0	0	0	0	0
Sale of Recycled Materials	0	7,477	0	0	0	0	0	0
Miscellaneous Refunds	275,703	0	0	0	466	0	5,910	0
Nonrecurring Items								
Sale of Equipment	2,186	0	1,072	9,125	0	0	0	0
Contributions and Gifts	43,582	0	500	0	0	0	0	0
Total Other Local Revenues	\$ 605,679	\$ 10,214	\$ 1,572	\$ 9,125	\$ 466	\$ 0	\$ 5,910	\$ 10,157
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 170,313	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	80,567	0	0	0	0	0	0	0
General Sessions Court Clerk	102,248	0	0	0	0	0	0	0
Clerk and Master	41,277	0	0	0	0	0	0	0
Register	91,345	0	0	0	0	0	0	0
Sheriff	17,274	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees in-Lieu-of Salary (Cont.)</u>								
Trustee	\$ 270,130	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Fees Received from County Officials	\$ 773,154	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	7,255	0	0	0	0	0	0	0
Solid Waste Grants	0	2,226	0	0	0	0	0	0
On-Behalf Contributions for OPEB	3,840	0	0	0	0	0	0	0
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	15,600	0	0	0	0	0	0	0
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	0	0	0	586,403
Litter Program	0	40,514	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	10,518	0	0	0	0	0	0	0
Beer Tax	17,778	0	0	0	0	0	0	0
Alcoholic Beverage Tax	45,629	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	516,010	0	0	0	0	0	0	0
Emergency Hospital - Prisoners	141,332	0	0	0	0	0	0	0
Contracted Prisoner Boarding	723,100	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	1,707,153
Petroleum Special Tax	0	0	0	0	0	0	0	16,967
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0
Other State Grants	222,011	0	0	0	0	0	0	0
Other State Revenues	99,095	0	0	0	0	0	0	59,185
Total State of Tennessee	\$ 1,827,548	\$ 42,740	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,369,708

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu- tional Officers - Fees		
<u>Federal Government</u>								
<u>Federal Through State</u>								
Appalachian Regional Commission	0	0	0	0	0	0	0	0
Homeland Security Grants	19,665	0	0	0	0	0	0	0
ARRA Grant # 2	40,675	0	0	0	0	0	0	0
Other Federal through State	19,894	0	0	0	0	0	0	0
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	16,186	0	0	0	0	0	0	0
<u>Total Federal Government</u>	<u>\$ 96,420</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	32,373	0	0	0	0	0	0	0
Contributions	0	0	0	0	0	0	0	0
Contracted Services	330,837	0	0	0	0	0	0	0
<u>Citizens Groups</u>								
Donations	34,882	0	0	0	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 398,092</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Total</u>	<u>\$ 6,723,185</u>	<u>\$ 212,032</u>	<u>\$ 2,278,672</u>	<u>\$ 53,439</u>	<u>\$ 105,564</u>	<u>\$ 10,033</u>	<u>\$ 2,380,100</u>	<u>\$ 0</u>

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General	Rural	General	Education	Other		
	Debt Service	Debt Service	Capital Projects	Capital Projects	Capital Projects		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 533,668	\$ 980,314	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,085,233
Discount on Property Taxes	(4,722)	(8,344)	0	0	0	0	(26,976)
Trustee's Collections - Prior Year	47,289	61,775	0	0	0	0	191,365
Circuit/Clerk & Master Collections - Prior Years	15,596	11,965	0	0	0	0	65,952
Interest and Penalty	7,336	9,639	0	0	0	0	29,828
Payments in-Lieu-of Taxes - T.V.A.	8	19	0	0	0	0	51
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	128,565
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	100,000	0	0	0	0	343,927
Hotel/Motel Tax	0	0	0	0	0	0	37,875
Litigation Tax - General	0	0	0	0	0	0	45,991
Litigation Tax - Special Purpose	0	0	0	0	0	0	96,063
Business Tax	0	0	0	0	0	0	123,153
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	111,937
Wholesale Beer Tax	0	0	0	0	0	0	56,878
Interstate Telecommunications Tax	0	0	0	0	0	0	1,324
<b>Total Local Taxes</b>	<b>\$ 599,175</b>	<b>\$ 1,155,368</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,291,166</b>
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 888	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 888
Cable TV Franchise	0	0	0	0	0	0	22,821
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	570
<b>Total Licenses and Permits</b>	<b>\$ 888</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 24,279</b>
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,012

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,398
Drug Control Fines	0	0	0	0	0	0	25,434
Jail Fees	0	0	0	0	0	0	48
Data Entry Fee - Circuit Court	0	0	0	0	0	0	526
<u>Criminal Court</u>							
District Attorney General Fees	0	0	0	0	0	0	20,992
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	73,004
Officers Costs	0	0	0	0	0	0	15,348
Game and Fish Fines	0	0	0	0	0	0	248
Drug Control Fines	0	0	0	0	0	0	10,355
Drug Court Fees	0	0	0	0	0	0	5,575
Jail Fees	0	0	0	0	0	0	2,919
District Attorney General Fees	0	0	0	0	0	0	74,106
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	2,272
<u>Chancery Court</u>							
Data Entry Fee - Chancery Court	0	0	0	0	0	0	174
Courtroom Security Fee	0	0	0	0	0	0	43
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	470
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	18,525
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>281,449</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,047
Surcharge - Host Agency	0	0	0	0	0	0	158,031
Patient Charges	0	0	0	0	0	0	2,277,100
Other General Service Charges	0	0	0	0	0	0	10,768

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	Other Capital Projects	General Capital Projects	Education Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees</u>							
Airport Fees	0	0	0	0	0	0	267,121
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	529
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	9,504
Data Processing Fee - Register	0	0	0	0	0	0	7,000
Probation Fees	0	0	0	0	0	0	40,171
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	4,260
Data Processing Fee - County Clerk	0	0	0	0	0	0	1,156
Total Charges for Current Services	0	0	0	0	0	0	2,776,687
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	0	192,786	0	0	19,989	0	363,584
Lease/Rentals	123,618	0	0	0	0	0	233,244
Sale of Materials and Supplies	0	0	0	0	0	0	6,984
Commissary Sales	0	0	0	0	0	0	23,773
Sale of Recycled Materials	0	0	0	0	0	0	7,477
Miscellaneous Refunds	3,069	0	133	0	0	0	285,281
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	12,383
Contributions and Gifts	0	0	0	0	0	0	44,082
Total Other Local Revenues	126,687	192,786	133	19,989	0	0	976,808
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	0	0	0	0	0	0	170,313
Circuit Court Clerk	0	0	0	0	0	0	80,567
General Sessions Court Clerk	0	0	0	0	0	0	102,248
Clerk and Master	0	0	0	0	0	0	41,277
Register	0	0	0	0	0	0	91,345
Sheriff	0	0	0	0	0	0	17,274

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	Other Capital Projects	General Capital Projects	Education Capital Projects	Other Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Trustee	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	270,130
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	773,154
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
State Reappraisal Grant	0	0	0	0	0	0	7,255
Solid Waste Grants	0	0	0	0	0	0	2,226
On-Behalf Contributions for OPEB	0	0	0	0	0	0	3,840
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	15,600
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	586,403
Litter Program	0	0	0	0	0	0	40,514
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	10,518
Beer Tax	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	0	0	0	0	0	0	45,629
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	516,010
Emergency Hospital - Prisoners	0	0	0	0	0	0	141,332
Contracted Prisoner Boarding	0	0	0	0	0	0	723,100
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,707,153
Petroleum Special Tax	0	0	0	0	0	0	16,967
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	222,011
Other State Revenues	0	0	0	0	0	0	158,280
Total State of Tennessee	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	4,239,996

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects		
<u>Federal Government</u>							
<u>Federal Through State</u>							
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 184,264	\$ 184,264	\$ 184,264
Homeland Security Grants	0	0	0	0	0	0	19,665
ARRA Grant # 2	0	0	0	0	0	0	40,675
Other Federal through State	0	0	100,000	0	221,232	341,126	341,126
<u>Direct Federal Revenue</u>	0	0	0	0	0	0	16,186
<u>Other Direct Federal Revenue</u>	0	0	100,000	0	405,496	601,916	601,916
<u>Total Federal Government</u>	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 405,496	\$ 601,916	\$ 601,916
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,373
Contributions	14,982	185,773	0	0	0	0	200,755
Contracted Services	0	0	0	0	0	0	330,837
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	34,882
<u>Total Other Governments and Citizens Groups</u>	\$ 14,982	\$ 185,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 598,847
<u>Total</u>	\$ 741,732	\$ 1,533,927	\$ 100,133	\$ 19,989	\$ 405,496	\$ 14,564,302	\$ 14,564,302

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, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,767,784	\$ 0	\$ 0	\$ 1,767,784
Discount on Property Taxes	(15,412)	0	0	(15,412)
Trustee's Collections - Prior Year	109,180	0	0	109,180
Circuit/Clerk & Master Collections - Prior Years	52,914	0	0	52,914
Interest and Penalty	16,949	0	0	16,949
Payments in-Lieu-of Taxes - T.V.A.	27	0	0	27
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,212,473	0	0	1,212,473
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,288	0	0	1,288
<b>Total Local Taxes</b>	<b>\$ 3,145,203</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,145,203</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 620	\$ 0	\$ 0	\$ 620
<b>Total Licenses and Permits</b>	<b>\$ 620</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 620</b>
<u>Charges for Current Services</u>				
<u>Fees</u>				
Constitutional Officers' Fees and Commissions	\$ 812	\$ 0	\$ 0	\$ 812
<u>Education Charges</u>				
Lunch Payments - Children	0	0	145,404	145,404
Lunch Payments - Adults	0	0	40,064	40,064
Income from Breakfast	0	0	32,899	32,899
A la carte Sales	0	0	13,242	13,242
<u>Other Charges for Services</u>				
Other Charges for Services	30,356	0	44,826	75,182
<b>Total Charges for Current Services</b>	<b>\$ 31,168</b>	<b>\$ 0</b>	<b>\$ 276,435</b>	<b>\$ 307,603</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 392	\$ 0	\$ 4,957	\$ 5,349
Refund of Telecommunication & Internet Fees (E-Rate)	145,396	0	0	145,396
Miscellaneous Refunds	35,434	0	218	35,652
<u>Nonrecurring Items</u>				
Contributions and Gifts	623	0	0	623
<u>Other Local Revenues</u>				
Other Local Revenues	279	0	0	279
<b>Total Other Local Revenues</b>	<b>\$ 182,124</b>	<b>\$ 0</b>	<b>\$ 5,175</b>	<b>\$ 187,299</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 100,805	\$ 0	\$ 0	\$ 100,805
<u>State Education Funds</u>				
Basic Education Program	13,339,246	0	0	13,339,246
Basic Education Program - ARRA	504,500	0	0	504,500
Early Childhood Education	1,005,261	0	0	1,005,261
School Food Service	0	0	15,540	15,540

(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>				
Driver Education	\$ 9,580	\$ 0	\$ 0	\$ 9,580
Other State Education Funds	1,919	0	0	1,919
Coordinated School Health - ARRA	82,414	0	0	82,414
Internet Connectivity - ARRA	8,062	0	0	8,062
Family Resource Centers - ARRA	33,300	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	7,292	0	0	7,292
Career Ladder Program	114,944	0	0	114,944
Career Ladder - Extended Contract - ARRA	61,377	0	0	61,377
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	104,000	0	0	104,000
Other State Grants	116,453	0	0	116,453
Safe Schools - ARRA	10,197	0	0	10,197
Total State of Tennessee	\$ 15,499,350	\$ 0	\$ 15,540	\$ 15,514,890
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 888,003	\$ 888,003
USDA - Commodities	0	0	114,555	114,555
Breakfast	0	0	295,755	295,755
USDA - Other	0	0	18,877	18,877
USDA Food Service Equipment Grant - ARRA	0	0	8,827	8,827
Vocational Education - Basic Grants to States	0	69,954	0	69,954
Title I Grants to Local Education Agencies	0	1,347,547	0	1,347,547
Special Education - Grants to States	51,930	937,002	0	988,932
Special Education Preschool Grants	0	32,874	0	32,874
Safe and Drug-free Schools - State Grants	0	18,035	0	18,035
Rural Education	0	95,423	0	95,423
Eisenhower Professional Development State Grants	0	228,000	0	228,000
Other Federal through State	0	36,008	0	36,008
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	60,203	0	0	60,203
Total Federal Government	\$ 112,133	\$ 2,764,843	\$ 1,326,017	\$ 4,202,993
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 225	\$ 0	\$ 0	\$ 225
<u>Other</u>				
Other	63,000	0	0	63,000
Total Other Governments and Citizens Groups	\$ 63,225	\$ 0	\$ 0	\$ 63,225
Total	\$ 19,033,823	\$ 2,764,843	\$ 1,623,167	\$ 23,421,833

Exhibit K-7

Scott County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	88,497	
Social Security		5,487	
State Retirement		2,607	
Employer Medicare		1,283	
Audit Services		6,338	
Consultants		375	
Contracts with Other Public Agencies		12,052	
Contributions		10,857	
Dues and Memberships		7,479	
Evaluation and Testing		2,597	
Travel		3,808	
Other Contracted Services		7,300	
Other Supplies and Materials		2,090	
Premiums on Corporate Surety Bonds		1,633	
Other Charges		2,731	
Total County Commission			\$ 155,134

County Mayor/Executive

County Official/Administrative Officer	\$	66,702	
Secretary(ies)		25,986	
Clerical Personnel		18,720	
Social Security		6,786	
State Retirement		6,573	
Employer Medicare		1,587	
Communication		14,275	
Data Processing Services		18,308	
Legal Notices, Recording, and Court Costs		2,158	
Printing, Stationery, and Forms		351	
Travel		3,471	
Office Supplies		7,163	
Other Supplies and Materials		20	
Other Charges		1,643	
Office Equipment		1,318	
Total County Mayor/Executive			175,061

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	\$	1,267	
Other Supplies and Materials		1,212	
Total County Attorney			\$ 54,712

Election Commission

County Official/Administrative Officer	\$	51,976	
Deputy(ies)		18,246	
Other Salaries and Wages		1,282	
Election Commission		17,700	
Social Security		5,169	
State Retirement		4,143	
Employer Medicare		1,209	
Communication		2,612	
Data Processing Services		15,605	
Dues and Memberships		575	
Legal Notices, Recording, and Court Costs		357	
Maintenance and Repair Services - Office Equipment		174	
Postal Charges		28	
Printing, Stationery, and Forms		639	
Travel		10,199	
Office Supplies		3,834	
Other Supplies and Materials		437	
Office Equipment		391	
Total Election Commission			134,576

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		25,986	
Part-time Personnel		9,383	
Other Salaries and Wages		23,987	
Social Security		6,845	
State Retirement		6,356	
Employer Medicare		1,601	
Communication		1,379	
Maintenance and Repair Services - Office Equipment		3,287	
Printing, Stationery, and Forms		6,182	
Other Contracted Services		300	
Office Supplies		2,135	
Total Register of Deeds			145,192

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Development

Supervisor/Director	\$	37,000	
Pupil Personnel		556	
Clerical Personnel		24,023	
Temporary Personnel		262	
Part-time Personnel		348	
Other Salaries and Wages		22,221	
Social Security		4,207	
State Retirement		3,600	
Employer Medicare		984	
Advertising		564	
Evaluation and Testing		2,938	
Travel		21,366	
Tuition		48,925	
Office Supplies		1,751	
Small Tools		520	
Textbooks		22,659	
Tires and Tubes		332	
Uniforms		4,571	
Other Supplies and Materials		238	
Liability Insurance		370	
Other Charges		100	
Total Development			\$ 197,535

County Buildings

Mechanic(s)	\$	23,400
Custodial Personnel		40,081
Maintenance Personnel		21,320
Overtime Pay		1,684
Other Salaries and Wages		22,343
Social Security		6,230
State Retirement		6,421
Employer Medicare		1,457
Maintenance and Repair Services - Buildings		55,755
Maintenance and Repair Services - Office Equipment		2,732
Maintenance and Repair Services - Vehicles		1,961
Matching Share		5,132
Pest Control		2,848
Other Contracted Services		5,451
Custodial Supplies		7,379
Electricity		155,659

(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.)

Gasoline	\$ 2,531	
Natural Gas	42,139	
Road Signs	1,096	
Water and Sewer	49,484	
Other Supplies and Materials	8,446	
Other Charges	6,800	
Total County Buildings		\$ 470,349

Finance

Accounting and Budgeting

Supervisor/Director	\$ 53,362	
Data Processing Personnel	141,607	
Social Security	11,427	
State Retirement	11,503	
Employer Medicare	2,672	
Communication	7,423	
Data Processing Services	2,225	
Office Supplies	9,392	
Office Equipment	3,610	
Total Accounting and Budgeting		243,221

Property Assessor's Office

County Official/Administrative Officer	\$ 57,751	
Assistant(s)	46,976	
Deputy(ies)	25,986	
Part-time Personnel	2,785	
Board and Committee Members Fees	3,700	
Social Security	8,133	
State Retirement	7,712	
Employer Medicare	1,902	
Communication	2,266	
Data Processing Services	2,849	
Dues and Memberships	1,173	
Maintenance and Repair Services - Vehicles	93	
Travel	2,881	
Other Contracted Services	7,733	
Office Supplies	1,260	
Other Supplies and Materials	217	
Office Equipment	3,800	
Total Property Assessor's Office		177,217

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		6,467	
Deputy(ies)		25,987	
Other Salaries and Wages		23,986	
Social Security		6,534	
State Retirement		6,356	
Employer Medicare		1,528	
Communication		1,400	
Contracts with Other Public Agencies		4,182	
Printing, Stationery, and Forms		600	
Travel		1,565	
Office Supplies		976	
Office Equipment		990	
Total County Trustee's Office			\$ 138,322

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		47,975	
Deputy(ies)		25,986	
Temporary Personnel		926	
Other Salaries and Wages		19,992	
Social Security		9,242	
State Retirement		8,951	
Employer Medicare		2,162	
Communication		2,966	
Printing, Stationery, and Forms		1,829	
Travel		171	
Other Contracted Services		8,837	
Office Supplies		3,156	
Office Equipment		2,209	
Total County Clerk's Office			192,153

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751
Assistant(s)		25,987
Deputy(ies)		82,915
Part-time Personnel		9,731
Jury and Witness Expense		8,103
Social Security		10,694

(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.)

State Retirement	\$	9,833	
Employer Medicare		2,501	
Communication		3,320	
Data Processing Services		9,936	
Printing, Stationery, and Forms		2,048	
Office Supplies		3,714	
Data Processing Equipment		1,370	
Total Circuit Court			\$ 227,903

General Sessions Court

Judge(s)	\$	100,738	
Assistant(s)		39,998	
Salary Supplements		10,200	
Secretary(ies)		18,991	
Clerical Personnel		4,359	
Part-time Personnel		12,397	
Board and Committee Members Fees		6,000	
Social Security		11,925	
State Retirement		10,312	
Employer Medicare		2,789	
Communication		3,910	
Contracts with Government Agencies		540	
Travel		995	
Other Contracted Services		16,400	
Office Supplies		1,408	
Other Supplies and Materials		20,055	
Total General Sessions Court			261,017

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		25,987	
Other Salaries and Wages		21,988	
Jury and Witness Expense		750	
Social Security		6,555	
State Retirement		6,238	
Employer Medicare		1,533	
Printing, Stationery, and Forms		399	
Office Supplies		289	
Total Chancery Court			121,490

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General

Secretary(ies)	\$	1,500	
Social Security		93	
Employer Medicare		22	
Other Supplies and Materials		20,167	
Other Charges		11,052	
Total District Attorney General			\$ 32,834

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	56,197	
Deputy(ies)		700,945	
Salary Supplements		15,600	
Secretary(ies)		39,589	
Overtime Pay		5,998	
Social Security		49,354	
State Retirement		46,711	
Employer Medicare		11,542	
Communication		38,205	
Dues and Memberships		1,535	
Licenses		154	
Maintenance and Repair Services - Buildings		8	
Maintenance and Repair Services - Vehicles		64,068	
Printing, Stationery, and Forms		1,900	
Tow-in Services		3,721	
Travel		10,137	
Tuition		6,622	
Other Contracted Services		12,388	
Data Processing Supplies		725	
Gasoline		93,271	
Law Enforcement Supplies		1,032	
Office Supplies		8,036	
Tires and Tubes		12,281	
Uniforms		7,554	
Other Supplies and Materials		3,115	
Liability Insurance		34,392	
Workers' Compensation Insurance		73,636	
Liability Claims		1,000	
Other Charges		1,000	
Motor Vehicles		13,500	
Office Equipment		2,170	
Total Sheriff's Department			1,316,386

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement

Overtime Pay	\$	132	
Social Security		8	
State Retirement		8	
Employer Medicare		2	
Total Drug Enforcement			\$ 150

Administration of the Sexual Offender Registry

Maintenance and Repair Services - Vehicles	\$	2,798	
Other Supplies and Materials		499	
Other Charges		150	
Motor Vehicles		3,000	
Total Administration of the Sexual Offender Registry			6,447

Jail

Deputy(ies)	\$	347,806	
Dispatchers/Radio Operators		197,031	
Guards		188,685	
Social Security		43,421	
State Retirement		43,047	
Employer Medicare		10,155	
Medical and Dental Services		249,745	
Travel		12,230	
Remittance of Revenue Collected		23,470	
Other Contracted Services		2,675	
Food Supplies		219,238	
Law Enforcement Supplies		381	
Office Supplies		3,249	
Uniforms		3,189	
Other Supplies and Materials		48,601	
Total Jail			1,392,923

Juvenile Services

Deputy(ies)	\$	79,650
Youth Service Officer(s)		27,810
Part-time Personnel		93,096
Social Security		12,085
State Retirement		6,405
Employer Medicare		2,841
Communication		5,564
Maintenance and Repair Services - Buildings		2,583

(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.)

Other Contracted Services	\$	2,460	
Electricity		1,260	
Food Supplies		8,175	
Gasoline		927	
Natural Gas		2,348	
Office Supplies		1,814	
Other Supplies and Materials		7,195	
Workers' Compensation Insurance		11,042	
Total Juvenile Services			\$ 265,255

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		506	
Contracts with Government Agencies		57,670	
Travel		1,904	
Office Supplies		899	
Other Supplies and Materials		161	
Total Civil Defense			85,780

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

Public Health and Welfare

Local Health Center

Social Security	\$	1,713	
State Retirement		1,185	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Employer Medicare	\$	401	
Contributions		52,786	
Total Local Health Center			\$ 56,085

Other Local Health Services

Assistant(s)	\$	222	
Medical Personnel		140,517	
Clerical Personnel		250	
Custodial Personnel		24	
Overtime Pay		279	
Social Security		8,699	
State Retirement		7,043	
Medical Insurance		1,539	
Employer Medicare		2,034	
Travel		3,078	
Other Supplies and Materials		7,722	
Total Other Local Health Services			171,407

General Welfare Assistance

Maintenance and Repair Services - Buildings	\$	1,083	
Total General Welfare Assistance			1,083

Other Local Welfare Services

Pauper Burials	\$	366	
Total Other Local Welfare Services			366

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Deputy(ies)	\$	23,836	
Social Security		1,464	
State Retirement		1,406	
Employer Medicare		342	
Communication		1,345	
Contributions		200	
Maintenance and Repair Services - Vehicles		5,124	
Travel		16,334	
Other Supplies and Materials		3,973	
Total Senior Citizens Assistance			54,024

(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

Other Salaries and Wages	\$	27,060	
Social Security		1,666	
Employer Medicare		390	
Communication		3,066	
Postal Charges		269	
Library Books/Media		8,607	
Office Supplies		1,500	
Periodicals		462	
Utilities		5,853	
Other Supplies and Materials		100	
Total Libraries			\$ 48,973

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	14,280	
Supervisor/Director		9,102	
Secretary(ies)		7,178	
Social Security		2,340	
State Retirement		4,165	
Medical Insurance		1,000	
Communication		2,520	
Travel		1,485	
Total Agriculture Extension Service			42,070

Other Operations

Tourism

Supervisor/Director	\$	22,051	
Clerical Personnel		12,636	
Overtime Pay		122	
Social Security		1,870	
State Retirement		1,688	
Employer Medicare		437	
Contributions		5,078	
Other Charges		317	
Total Tourism			44,199

Other Economic and Community Development

Supervisor/Director	\$	25,904	
Other Salaries and Wages		20,093	
Social Security		2,713	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development (Cont.)

State Retirement	\$	1,528	
Medical Insurance		2,309	
Employer Medicare		634	
Total Other Economic and Community Development	\$		53,181

Airport

Supervisor/Director	\$	27,000	
Part-time Personnel		17,935	
Social Security		2,766	
State Retirement		1,593	
Employer Medicare		647	
Communication		2,743	
Contracts with Other Public Agencies		464,544	
Maintenance and Repair Services - Equipment		272	
Maintenance and Repair Services - Vehicles		422	
Travel		2,840	
Other Contracted Services		12,797	
Diesel Fuel		130,448	
Electricity		16,183	
Gasoline		70,417	
Natural Gas		460	
Water and Sewer		1,230	
Other Supplies and Materials		16,392	
Liability Insurance		4,200	
Total Airport			772,889

Veterans' Services

Supervisor/Director	\$	31,000	
Social Security		1,922	
State Retirement		1,829	
Employer Medicare		450	
Travel		1,935	
Other Supplies and Materials		135	
Total Veterans' Services			37,271

Other Charges

Temporary Personnel	\$	40,350
Other Salaries and Wages		15,045
Social Security		2,639
Employer Medicare		617

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Evaluation and Testing	\$	967	
Licenses		554	
Medical and Dental Services		412	
Travel		24,950	
Tuition		20,940	
Small Tools		206	
Textbooks		4,633	
Tires and Tubes		268	
Uniforms		2,592	
Other Supplies and Materials		68	
Workers' Compensation Insurance		1,364	
Other Charges		977	
Total Other Charges			\$ 116,582

Contributions to Other Agencies

Contributions	\$	141,629	
Total Contributions to Other Agencies			141,629

ARRA Grant # 2

Assistant(s)	\$	24,000	
Social Security		1,488	
State Retirement		1,416	
Employer Medicare		348	
Contracts with Other Public Agencies		21,920	
Total ARRA Grant # 2			49,172

ARRA Grant # 6

Law Enforcement Equipment	\$	1,457	
Motor Vehicles		54,433	
Total ARRA Grant # 6			55,890

Miscellaneous

Medical Personnel	\$	125,000	
Social Security		6,323	
State Retirement		7,375	
Life Insurance		421	
Medical Insurance		111,985	
Unemployment Compensation		28,465	
Employer Medicare		1,810	
On-Behalf Payments to OPEB		3,840	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Other Fringe Benefits	\$	900	
Postal Charges		28,445	
Judgments		20,000	
Liability Insurance		61,708	
Trustee's Commission		52,801	
Workers' Compensation Insurance		52,167	
Other Charges		946	
Total Miscellaneous			\$ 502,186

Highways

Highway and Bridge Maintenance

Other Supplies and Materials	\$	235	
Total Highway and Bridge Maintenance			235

Capital Outlay

Highway Equipment	\$	54,957	
Total Capital Outlay			<u>54,957</u>

Total General Fund \$ 8,013,817

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Trustee's Commission	\$	1,166	
Total Waste Pickup			\$ 1,166

Recycling Center

Laborers	\$	59,244	
Social Security		3,547	
State Retirement		2,294	
Employer Medicare		830	
Communication		1,798	
Maintenance and Repair Services - Equipment		448	
Maintenance and Repair Services - Vehicles		63	
Other Contracted Services		8,618	
Diesel Fuel		2,411	
Electricity		5,411	
Equipment and Machinery Parts		3,128	
Gasoline		1,637	
Natural Gas		1,308	

(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.)

Office Supplies	\$	211	
Propane Gas		219	
Tires and Tubes		545	
Uniforms		2,939	
Water and Sewer		388	
Other Supplies and Materials		1,975	
Trustee's Commission		422	
Vehicle and Equipment Insurance		2,376	
Workers' Compensation Insurance		5,128	
Total Recycling Center			\$ 104,940

Postclosure Care Costs

Legal Notices, Recording, and Court Costs	\$	58	
Other Contracted Services		19,343	
Judgments		142,128	
Total Postclosure Care Costs			161,529

Highways

Litter and Trash Collection

Other Supplies and Materials	\$	11,656	
Total Litter and Trash Collection			11,656

Principal on Debt

General Government

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

Interest on Debt

General Government

Interest on Notes	\$	1,337	
Total General Government			1,337

Total Solid Waste/Sanitation Fund \$ 288,295

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	38,474	
Deputy(ies)		68,909	
Data Processing Personnel		69,956	

(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.)

Medical Personnel	\$ 733,233
Part-time Personnel	5,931
Overtime Pay	186,468
Social Security	65,961
State Retirement	54,082
Life Insurance	918
Medical Insurance	38,103
Unemployment Compensation	1,271
Employer Medicare	15,426
Communication	10,442
Dues and Memberships	430
Licenses	2,664
Maintenance and Repair Services - Buildings	138
Maintenance and Repair Services - Vehicles	39,558
Pest Control	369
Postal Charges	234
Printing, Stationery, and Forms	356
Tow-in Services	4,659
Travel	4,001
Tuition	3,458
Disposal Fees	7,484
Other Contracted Services	21,328
Custodial Supplies	2,606
Diesel Fuel	65,386
Drugs and Medical Supplies	51,930
Gasoline	1,487
Natural Gas	4,092
Office Supplies	5,290
Propane Gas	7,897
Tires and Tubes	3,963
Uniforms	4,035
Water and Sewer	861
Other Supplies and Materials	1,098
Refunds	7,985
Trustee's Commission	22,257
Vehicle and Equipment Insurance	22,481
Workers' Compensation Insurance	121,602
Other Charges	752
Motor Vehicles	174,369
Office Equipment	5,800

(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.)

Other Equipment	\$ 1,799	
Total Ambulance/Emergency Medical Services		<u>\$ 1,879,543</u>

Total Ambulance Service Fund \$ 1,879,543

Drug Control Fund

Other Operations

Miscellaneous

Supervisor/Director	\$ 30,473	
Social Security	1,760	
State Retirement	1,798	
Employer Medicare	412	
Communication	828	
Confidential Drug Enforcement Payments	10,000	
Licenses	345	
Travel	825	
Veterinary Services	295	
Other Contracted Services	2,740	
Animal Food and Supplies	1,440	
Equipment and Machinery Parts	270	
Law Enforcement Supplies	786	
Office Supplies	85	
Other Supplies and Materials	2,034	
Trustee's Commission	435	
Total Miscellaneous		<u>\$ 54,526</u>

Total Drug Control Fund 54,526

District Attorney General Fund

Administration of Justice

District Attorney General

Assistant(s)	\$ 10,134
Secretary(ies)	28,533
Clerical Personnel	4,290
Part-time Personnel	12,162
Social Security	3,133
State Retirement	3,194
Employee and Dependent Insurance	6,448
Life Insurance	38
Medical Insurance	1,204

(Continued)

Exhibit K-7

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Employer Medicare	\$	733	
Other Fringe Benefits		484	
Communication		8,409	
Dues and Memberships		1,165	
Rentals		1,675	
Travel		17,166	
Tuition		119	
Other Contracted Services		17,958	
Electricity		279	
Office Supplies		6,424	
Other Supplies and Materials		1,327	
Trustee's Commission		915	
Workers' Compensation Insurance		275	
Office Equipment		<u>4,855</u>	
Total District Attorney General			<u>\$ 130,920</u>

Total District Attorney General Fund \$ 130,920

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	<u>100</u>	
Total County Clerk's Office			\$ 100

Administration of Justice

General Sessions Court

Special Commissioner Fees/Special Master Fees	\$	<u>4,054</u>	
Total General Sessions Court			4,054

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	5,450	
Constitutional Officers' Operating Expenses		<u>429</u>	
Total Chancery Court			<u>5,879</u>

Total Constitutional Officers - Fees Fund 10,033

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,543	
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(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Clerical Personnel	\$	26,745	
Overtime Pay		198	
Social Security		5,726	
State Retirement		5,682	
Employer Medicare		1,339	
Dues and Memberships		2,759	
Postal Charges		44	
Printing, Stationery, and Forms		220	
Travel		755	
Custodial Supplies		169	
Office Supplies		412	
Total Administration			\$ 107,592

Highway and Bridge Maintenance

Supervisor/Director	\$	73,801	
Equipment Operators		56,971	
Truck Drivers		86,693	
Laborers		185,564	
Overtime Pay		26,226	
Social Security		27,303	
State Retirement		24,951	
Unemployment Compensation		7,697	
Employer Medicare		6,383	
Other Contracted Services		56,838	
Asphalt - Cold Mix		51,927	
Asphalt - Hot Mix		693,824	
Concrete		2,637	
Crushed Stone		190,134	
Other Road Supplies		10,502	
Pipe - Metal		32,209	
Road Signs		479	
Wood Products		1,089	
Total Highway and Bridge Maintenance			1,535,228

Operation and Maintenance of Equipment

Foremen	\$	50,167
Mechanic(s)		31,862
Social Security		4,476
State Retirement		5,007
Unemployment Compensation		506

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Employer Medicare	\$	1,049	
Maintenance and Repair Services - Equipment		2,750	
Tow-in Services		999	
Other Contracted Services		10,854	
Diesel Fuel		75,916	
Equipment and Machinery Parts		64,718	
Garage Supplies		2,370	
Gasoline		24,498	
Lubricants		2,460	
Propane Gas		1,977	
Small Tools		265	
Tires and Tubes		20,029	
Other Supplies and Materials		8,168	
Highway Equipment		<u>8,591</u>	
Total Operation and Maintenance of Equipment	\$		316,662

Other Charges

Communication	\$	5,319	
Electricity		8,287	
Natural Gas		1,967	
Water and Sewer		469	
Trustee's Commission		17,788	
Vehicle and Equipment Insurance		25,853	
Other Charges		<u>8,812</u>	
Total Other Charges			68,495

Employee Benefits

Employee and Dependent Insurance	\$	28,273	
Life Insurance		456	
Workers' Compensation Insurance		<u>67,149</u>	
Total Employee Benefits			95,878

Capital Outlay

Highway Equipment	\$	57,329	
Motor Vehicles		6,315	
State Aid Projects		<u>671,164</u>	
Total Capital Outlay			734,808

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Principal on Debt

Highways and Streets

Principal on Notes	\$ 165,318	
Total Highways and Streets		\$ 165,318

Interest on Debt

Highways and Streets

Interest on Notes	\$ 50,020	
Total Highways and Streets		<u>50,020</u>

Total Highway/Public Works Fund		\$ 3,074,001
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 310,147	
Principal on Notes	2,197,760	
Principal on Capital Leases	22,619	
Principal on Other Loans	<u>228,500</u>	
Total General Government		\$ 2,759,026

Interest on Debt

General Government

Interest on Bonds	\$ 115,114	
Interest on Notes	61,075	
Interest on Capital Leases	574	
Interest on Other Loans	<u>71,133</u>	
Total General Government		247,896

Other Debt Service

General Government

Trustee's Commission	\$ 11,926	
Other Debt Service	<u>99,921</u>	
Total General Government		<u>111,847</u>

Total General Debt Service Fund		3,118,769
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Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 544,853	
Principal on Notes	891,026	

(Continued)

Exhibit K-7

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

Rural Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education (Cont.)

Principal on Other Loans	\$ 137,000	
Total Education		\$ 1,572,879

Interest on Debt

Education

Interest on Bonds	\$ 360,457	
Interest on Notes	91,784	
Interest on Other Loans	8,729	
Total Education		460,970

Other Debt Service

Education

Trustee's Commission	\$ 22,022	
Other Debt Service	13,337	
Total Education		35,359

Total Rural Debt Service Fund		\$ 2,069,208
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General Capital Projects Fund

Capital Projects

Public Safety Projects

Other Supplies and Materials	\$ 3,933	
Building Construction	5,967	
Furniture and Fixtures	5,876	
Total Public Safety Projects		\$ 15,776

Total General Capital Projects Fund		15,776
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Education Capital Projects Fund

Other Operations

Payments to Cities

Payments to Schools - Other	\$ 4,129,194	
Total Payments to Cities		\$ 4,129,194

Other Debt Service

General Government

Other Debt Issuance Charges	\$ 97,580	
Total General Government		97,580

(Continued)

Exhibit K-7

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

Education Capital Projects Fund (Cont.)

Capital Projects - Donated

Capital Projects Donated to School Department

Architects	\$	43,630	
Permits		1,000	
Other Contracted Services		6,517,894	
Land		175,000	
Site Development		7,270	
Total Capital Projects Donated to School Department			\$ 6,744,794

Total Education Capital Projects Fund \$ 10,971,568

Other Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Consultants	\$	15,924	
Building Construction		195,309	
Total Public Health and Welfare Projects			\$ 211,233

Other General Government Projects

Engineering Services	\$	28,188	
Other Construction		201,140	
Total Other General Government Projects			229,328

Total Other Capital Projects Fund 440,561

Total Governmental Funds - Primary Government \$ 30,067,017

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,313,972	
Career Ladder Program	76,955	
Career Ladder Extended Contracts	54,768	
Homebound Teachers	56,206	
Educational Assistants	407,043	
Other Salaries and Wages	185,751	
Certified Substitute Teachers	138,072	
Social Security	440,479	
State Retirement	449,461	
Life Insurance	9,456	
Medical Insurance	938,491	
Unemployment Compensation	8,707	
Employer Medicare	102,573	
Other Fringe Benefits	5,980	
Travel	529	
Other Contracted Services	1,458	
Instructional Supplies and Materials	171,254	
Textbooks	194,091	
Other Supplies and Materials	9,599	
Other Charges	1,211	
Regular Instruction Equipment	234,905	
Total Regular Instruction Program		\$ 9,800,961

Alternative Instruction Program

Teachers	\$ 43,235	
Educational Assistants	12,606	
Social Security	3,462	
State Retirement	3,519	
Medical Insurance	5,502	
Unemployment Compensation	72	
Employer Medicare	810	
Total Alternative Instruction Program		69,206

Special Education Program

Teachers	\$ 716,001
Career Ladder Program	13,834
Homebound Teachers	30,264
Educational Assistants	138,668
Certified Substitute Teachers	7,350

(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.)

Social Security	\$ 54,961	
State Retirement	55,657	
Medical Insurance	100,904	
Unemployment Compensation	1,143	
Employer Medicare	12,821	
Other Contracted Services	489	
Instructional Supplies and Materials	23,985	
Textbooks	128	
Other Supplies and Materials	12,535	
Special Education Equipment	5,439	
Total Special Education Program		\$ 1,174,179

Vocational Education Program

Teachers	\$ 359,781	
Career Ladder Program	4,767	
Educational Assistants	37,390	
Certified Substitute Teachers	6,442	
Social Security	24,885	
State Retirement	25,610	
Medical Insurance	47,500	
Unemployment Compensation	436	
Employer Medicare	5,820	
Instructional Supplies and Materials	246	
Total Vocational Education Program		512,877

Support Services

Attendance

Supervisor/Director	\$ 53,850	
Career Ladder Program	3,000	
Social Security	3,330	
State Retirement	3,650	
Medical Insurance	8,741	
Unemployment Compensation	36	
Employer Medicare	779	
Travel	1,403	
Other Charges	275	
Total Attendance		75,064

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	87,103	
Other Salaries and Wages		87,070	
Social Security		10,446	
State Retirement		9,915	
Medical Insurance		18,901	
Unemployment Compensation		263	
Employer Medicare		2,443	
Travel		8,128	
Other Contracted Services		2,000	
Other Supplies and Materials		16,812	
Other Charges		2,595	
Total Health Services			\$ 245,676

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		205,564	
Social Workers		26,909	
Secretary(ies)		17,686	
Social Security		15,315	
State Retirement		16,226	
Medical Insurance		24,568	
Unemployment Compensation		189	
Employer Medicare		3,582	
Evaluation and Testing		13,122	
Travel		1,089	
Total Other Student Support			328,250

Regular Instruction Program

Supervisor/Director	\$	60,593	
Career Ladder Program		9,000	
Librarians		301,482	
Secretary(ies)		10,606	
Other Salaries and Wages		28,227	
Social Security		24,129	
State Retirement		22,589	
Medical Insurance		35,473	
Unemployment Compensation		349	
Employer Medicare		5,643	
Travel		15,248	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Library Books/Media	\$ 32,893	
In Service/Staff Development	27,316	
Other Charges	9,672	
Other Equipment	3,043	
Total Regular Instruction Program		\$ 586,263

Special Education Program

Supervisor/Director	\$ 59,944	
Career Ladder Program	1,000	
Psychological Personnel	44,138	
Secretary(ies)	25,384	
Other Salaries and Wages	15,493	
Social Security	8,751	
State Retirement	8,290	
Medical Insurance	8,207	
Unemployment Compensation	126	
Employer Medicare	2,047	
Travel	15,993	
Other Supplies and Materials	1,403	
Total Special Education Program		190,776

Other Programs

On-Behalf Payments to OPEB	\$ 100,805	
Total Other Programs		100,805

Board of Education

Secretary to Board	\$ 24,652	
Board and Committee Members Fees	40,250	
Social Security	4,002	
State Retirement	2,127	
Unemployment Compensation	82	
Employer Medicare	936	
Audit Services	5,850	
Dues and Memberships	14,254	
Legal Services	80	
Travel	17,196	
Other Contracted Services	27,843	
Other Supplies and Materials	3,243	
Liability Insurance	22,262	

(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.)

Board of Education (Cont.)

Trustee's Commission	\$ 90,353	
Workers' Compensation Insurance	105,389	
Other Charges	<u>17,792</u>	
Total Board of Education		\$ 376,311

Director of Schools

County Official/Administrative Officer	\$ 75,000	
Assistant(s)	61,210	
Career Ladder Program	1,000	
Secretary(ies)	24,652	
Social Security	9,987	
State Retirement	10,265	
Medical Insurance	4,909	
Unemployment Compensation	108	
Employer Medicare	2,336	
Communication	40,337	
Postal Charges	2,502	
Travel	4,893	
Other Contracted Services	3,469	
Office Supplies	8,059	
Other Charges	<u>14,294</u>	
Total Director of Schools		263,021

Office of the Principal

Principals	\$ 414,128	
Career Ladder Program	10,250	
Assistant Principals	43,760	
Secretary(ies)	131,929	
Social Security	36,602	
State Retirement	37,885	
Medical Insurance	50,529	
Unemployment Compensation	540	
Employer Medicare	8,560	
Communication	18,826	
Travel	<u>544</u>	
Total Office of the Principal		753,553

Operation of Plant

Supervisor/Director	\$ 26,920	
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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.)

Operation of Plant (Cont.)

Custodial Personnel	\$ 334,151	
Social Security	22,386	
State Retirement	19,879	
Unemployment Compensation	871	
Employer Medicare	5,205	
Disposal Fees	26,880	
Other Contracted Services	13,306	
Electricity	514,287	
Natural Gas	95,273	
Water and Sewer	56,365	
Other Supplies and Materials	88,631	
Building and Contents Insurance	73,660	
Other Charges	699	
Total Operation of Plant		\$ 1,278,513

Maintenance of Plant

Maintenance Personnel	\$ 94,551	
Social Security	5,862	
State Retirement	5,579	
Medical Insurance	6,648	
Unemployment Compensation	144	
Employer Medicare	1,371	
Other Supplies and Materials	59,087	
Total Maintenance of Plant		173,242

Transportation

Supervisor/Director	\$ 26,920
Mechanic(s)	44,179
Bus Drivers	508,042
Social Security	36,554
State Retirement	29,826
Unemployment Compensation	1,655
Employer Medicare	8,485
Contracts with Vehicle Owners	4,303
Diesel Fuel	143,578
Gasoline	89
Tires and Tubes	22,680
Vehicle Parts	65,446
Vehicle and Equipment Insurance	18,745

(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.)

Transportation (Cont.)

Other Charges	\$ 22,411	
Transportation Equipment	21,964	
Total Transportation		\$ 954,877

Central and Other

Supervisor/Director	\$ 50,000	
Other Salaries and Wages	84,356	
Social Security	8,115	
State Retirement	7,820	
Medical Insurance	2,530	
Unemployment Compensation	180	
Employer Medicare	1,898	
Total Central and Other		154,899

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$ 27,225	
Social Security	1,688	
State Retirement	1,748	
Medical Insurance	4,695	
Unemployment Compensation	18	
Employer Medicare	395	
Travel	2,315	
Instructional Supplies and Materials	3,628	
Other Charges	595	
Total Community Services		42,307

Early Childhood Education

Supervisor/Director	\$ 25,047
Teachers	382,926
Educational Assistants	128,838
Certified Substitute Teachers	4,102
Social Security	32,303
State Retirement	33,190
Medical Insurance	42,300
Unemployment Compensation	675
Employer Medicare	7,555
Travel	6,822
Instructional Supplies and Materials	392,616

(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.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Other Supplies and Materials	\$ 406	
Total Early Childhood Education		\$ 1,056,780

Capital Outlay

Regular Capital Outlay

Engineering Services	\$ 420	
Building Improvements	82,328	
Total Regular Capital Outlay		82,748

Principal on Debt

Education

Principal on Capital Leases	\$ 48,375	
Total Education		48,375

Interest on Debt

Education

Interest on Capital Leases	\$ 113,250	
Total Education		113,250

Other Debt Service

Education

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

Total General Purpose School Fund \$ 18,567,706

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 812,539
Educational Assistants	138,761
Other Salaries and Wages	8,510
Certified Substitute Teachers	14,637
Social Security	58,859
State Retirement	60,742
Medical Insurance	124,110
Unemployment Compensation	1,308
Employer Medicare	13,765
Instructional Supplies and Materials	124,544

(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	\$ 25,168	
Other Charges	20,901	
Regular Instruction Equipment	46,325	
Total Regular Instruction Program		\$ 1,450,169

Special Education Program

Teachers	\$ 122,966	
Educational Assistants	358,728	
Social Security	29,812	
State Retirement	29,059	
Medical Insurance	27,275	
Unemployment Compensation	1,143	
Employer Medicare	6,972	
Other Contracted Services	177,898	
Instructional Supplies and Materials	9,307	
Other Supplies and Materials	7,318	
Special Education Equipment	70,000	
Total Special Education Program		840,478

Vocational Education Program

Instructional Supplies and Materials	\$ 27,280	
Vocational Instruction Equipment	32,270	
Total Vocational Education Program		59,550

Support Services

Other Student Support

Bus Drivers	\$ 765	
Travel	4,930	
Other Contracted Services	4,025	
Other Charges	17,862	
Total Other Student Support		27,582

Regular Instruction Program

Supervisor/Director	\$ 55,381
Secretary(ies)	10,606
Other Salaries and Wages	24,720
Social Security	5,300
State Retirement	5,768
Medical Insurance	9,120

(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	\$ 48	
Employer Medicare	1,240	
Travel	34,572	
Library Books/Media	4,746	
Other Supplies and Materials	17,619	
In Service/Staff Development	74,343	
Total Regular Instruction Program		\$ 243,463

Special Education Program

Travel	\$ 5,284	
Other Supplies and Materials	3,054	
In Service/Staff Development	5,813	
Total Special Education Program		14,151

Vocational Education Program

Travel	\$ 609	
In Service/Staff Development	75	
Total Vocational Education Program		684

Transportation

Bus Drivers	\$ 17,063	
Social Security	1,058	
State Retirement	1,007	
Unemployment Compensation	40	
Employer Medicare	247	
Transportation Equipment	84,536	
Total Transportation		<u>103,951</u>

Total School Federal Projects Fund \$ 2,740,028

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 49,913
Cafeteria Personnel	479,169
Other Salaries and Wages	21,650
In-Service Training	1,017
Social Security	33,838
State Retirement	29,434

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Medical Insurance	\$ 19,004	
Unemployment Compensation	1,561	
Employer Medicare	7,925	
Travel	2,157	
Food Preparation Supplies	29,631	
Food Supplies	678,456	
Other Supplies and Materials	63,604	
Other Charges	634	
Food Service Equipment	15,825	
Total Food Service		<u>\$ 1,433,818</u>

Total Central Cafeteria Fund \$ 1,433,818

Total Governmental Funds - Scott County School Department \$ 22,741,552

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, 2010

	Cities - Sales Tax Fund	Special School District Fund	City School ADA - Oneida Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 370,784	\$ 747,194	\$ 1,117,978
Discounts on Property Taxes	0	(3,831)	(6,893)	(10,724)
Trustee's Collections - Prior Years	0	24,781	52,723	77,504
Circuit/Clerk and Master Collections - Prior Years	0	21,241	21,709	42,950
Interest and Penalty	0	3,259	7,316	10,575
Payment in-lieu-of Taxes - T.V.A.	0	0	12	12
Local Option Sales Tax	1,384,447	0	513,312	1,897,759
Interstate Telecommunications Tax	0	0	519	519
Marriage Licenses	0	0	253	253
Other Local Revenues	0	0	186	186
Other Loans Issued	0	0	341,603	341,603
<b>Total Cash Receipts</b>	<b>\$ 1,384,447</b>	<b>\$ 416,234</b>	<b>\$ 1,677,934</b>	<b>\$ 3,478,615</b>
<u>Cash Disbursements</u>				
Remittance of Revenue Collected	\$ 1,370,603	\$ 408,304	\$ 1,663,047	\$ 3,441,954
Trustee's Commission	13,844	8,113	21,340	43,297
<b>Total Cash Disbursements</b>	<b>\$ 1,384,447</b>	<b>\$ 416,417</b>	<b>\$ 1,684,387</b>	<b>\$ 3,485,251</b>
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ (183)	\$ (6,453)	\$ (6,636)
Cash Balance, July 1, 2009	0	3,532	57,630	61,162
<b>Cash Balance, June 30, 2010</b>	<b>\$ 0</b>	<b>\$ 3,349</b>	<b>\$ 51,177</b>	<b>\$ 54,526</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 4, 2011

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, 2010, which collectively comprise Scott County's basic financial statements and have issued our report thereon dated March 4, 2011. Our report includes 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 the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting: 10.02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

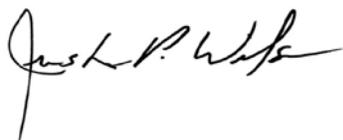
#### Compliance and Other Matters

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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 10.01.

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, road superintendent, director of finance, Financial Management Committee, Board of County Commissioners, Board of Education, 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,



Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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 4, 2011

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, 2010. 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, 2010.

### 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, 2010, and have issued our report thereon dated March 4, 2011. 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, road superintendent, director of finance, Financial Management Committee, Board of County Commissioners, Board of Education, others within the entity, 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 initial "J" and "W".

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Scott County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Rural Business Enterprise Grants	10.769	N/A	\$ 10,000
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	114,555 (3)
Passed-through State Department of Education:			
Fresh Fruit and Vegetable Program	10.582	N/A	18,877
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	295,755
National School Lunch Program	10.555	N/A	888,003 (3)
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	8,827
Total U.S. Department of Agriculture			\$ 1,336,017
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development			
Community Development Block Grants/State's Program	14.228	GG-09-27469-00	346,996
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	(2)	\$ 211,232
Total U.S. Department of Housing and Urban Development			\$ 558,228
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 128,565
Total Bureau of Land Management, Department of the Interior			\$ 128,565
U.S. Department of Justice:			
Direct Program:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)			
Program/Grants to Units of Local Government	16.804	N/A	\$ 55,890
Passed-through State Office of Criminal Justice Programs:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)			
Program/Grants to States and Territories	16.803	3593	40,675
Total U.S. Department of Justice			\$ 96,565
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Area Development	23.002	(2)	\$ 193,962
Total Appalachian Regional Commission			\$ 193,962
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,108,031
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	249,889
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	697,954
Special Education - Grants to States, Recovery Act	84.391	N/A	289,252
Special Education - Preschool Grants	84.173	N/A	22,538
Special Education - Preschool Grants, Recovery Act	84.392	N/A	13,316
Career and Technical Education - Basic Grants to States	84.048	N/A	69,954
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	18,836
Education Technology State Grants	84.318	(2)	9,450
Education Technology State Grants, Recovery Act	84.386	(2)	25,164
Rural Education	84.358	N/A	94,923
Improving Teacher Quality State Grants	84.367	N/A	225,502

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	\$ 504,500
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	202,642
Total U.S. Department of Education			<u>\$ 3,531,951</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 19,894
Total U.S. Department of Health and Human Services			<u>\$ 19,894</u>
U.S. Department of Homeland Security:			
Direct Program:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 11,186
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	GG-08-24152-00	2,013 (4)
Homeland Security Grant Program	97.067	34101-511	43,009 (4)
Homeland Security Grant Program	97.067	34101-2553	14,694 (4)
Emergency Management Performance Grants	97.042	(2)	17,652
Total U.S. Department of Homeland Security			<u>\$ 88,554</u>
Total Expenditures of Federal Awards			<u>\$ 5,953,736</u>
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 40,514
State Reappraisal - Comptroller of the Treasury	N/A	(2)	7,255
Health Department Programs - State Department of Health	N/A	(2)	175,817
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	9,000
Drug Court Grant - State Office of Criminal Justice Programs	N/A	(2)	46,194
Safe Schools Act Grant - State Department of Education	N/A	(2)	1,919
Save the Children - State Department of Education	N/A	(2)	88,392
Early Childhood Education - State Department of Education	N/A	(2)	1,005,261
Lottery for Education: Afterschool Programs (LEAPs) - State Department of Education	N/A	(2)	16,561
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	(2)	2,226
Law Enforcement Training Grant - State Department of Finance and Administration	N/A	(2)	15,600
Total State Grants			<u>\$ 1,408,739</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 \$1,002,558.
- (4) Total for CFDA No. 97.067 is \$59,716.

Scott County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

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, 2009, which have not been corrected.

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.03	199	The execution docket trial balance did not reconcile with cash control records

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.05	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, 2010**

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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 one significant deficiency in internal control. The deficiency was not 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); the Title I Part A Cluster: Title I Grants to Local Education Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Community Development Block Grants/State's Program (CFDA No. 14.228); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); and State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Scott County did not qualify as a low-risk auditee.

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

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

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

**FINDING 10.01      THE EXECUTION DOCKET TRIAL BALANCE DID NOT RECONCILE WITH CASH CONTROL RECORDS**  
(Noncompliance Under Government Auditing Standards)

At June 30, 2010, 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 \$185,836. We identified errors totaling \$170,312 in the execution docket trail balance, leaving an unidentified balance of \$15,524. 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. This deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

### **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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### **OTHER FINDING AND RECOMMENDATION**

**FINDING 10.02      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.

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**BEST PRACTICE**

**SCOTT COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Scott County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

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

There were no findings and questioned costs for federal awards.

**SCOTT COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2010**

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