ANNUAL FINANCIAL REPORT
SCOTT COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2011

ANNUAL FINANCIAL REPORT

SCOTT COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2011

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF COUNTY AUDIT
JAMES R. ARNETTE
Director

BRYAN W. BURKLIN, CPA, CGFM
Audit Manager

LESTER TACKETT, CPA, CGFM
Auditor 4

AMY HEMBREE, CPA
ANDREW WAY, CPA
DOUG SANDIDGE, CISA, CFE
State Auditors

This financial report is available at www.tn.gov/comptroller

SCOTT COUNTY, TENNESSEE
TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-7
INTRODUCTORY SECTION		8
Scott County Officials		9
FINANCIAL SECTION		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Proprietary Funds:		
Statement of Net Assets	D-1	25
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	26
Statement of Cash Flows	D-3	27
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	28
Notes to the Financial Statements		29-69
REQUIRED SUPPLEMENTARY INFORMATION:		70
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	F-1	71-72
Ambulance Service Fund	F-2	73
Highway/Public Works Fund	F-3	74
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Scott County School Department	F-4	75

	Exhibit	Page(s)
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Scott County School Department	F-5	76
Notes to Required Supplementary Information		77
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		78
Nonmajor Governmental Funds:		79-80
Combining Balance Sheet	G-1	81-82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	83-84
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	G-3	85
Drug Control Fund	G-4	86
Major Governmental Funds:		87
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Debt Service Fund	H-1	88
Rural Debt Service Fund	H-2	89
Fiduciary Funds:		90
Combining Statement of Fiduciary Assets and Liabilities	I-1	91
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	92-93
Component Unit:		
Discretely Presented Scott County School Department:		94
Statement of Activities	J-1	95
Balance Sheet – Governmental Funds	J-2	96
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	97
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	98
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	99
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-6	100-101
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	127-147
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Scott County School Department	K-8	148-158
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-9	159
SINGLE AUDIT SECTION		160
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 *Government Auditing Standards*		161-162
Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133		163-165
Schedule of Expenditures of Federal Awards and State Grants		166-167
Schedule of Audit Findings Not Corrected		168
Schedule of Findings and Questioned Costs		169-174
Auditee Reporting Responsibilities		175

Audit Highlights

Annual Financial Report
Scott County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Scott County as of and for the year ended June 30, 2011.

Results

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

Our audit resulted in six 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:

OFFICES OF COUNTY MAYOR, DIRECTOR OF FINANCE, AND DIRECTOR OF SCHOOLS

- Expenditures exceeded appropriations.

OFFICE OF DIRECTOR OF FINANCE

- Insurance payroll liability accounts were not reconciled monthly.
- Scott County did not account for American Recovery and Reinvestment Act grants separately from other county funds.

OFFICE OF DIRECTOR OF SCHOOLS

- Questioned costs of $31,721 were noted for the Special Education – Grants to States program.

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

- Duties were not segregated adequately.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

- Multiple employees operated from the same cash drawer.

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.

INTRODUCTORY SECTION

Scott County Officials
June 30, 2011

Officials

Jeff Tibbals, 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
Michael Cross, Sheriff
Carol Lowe, Director of Finance

Board of County Commissioners

Jeff Tibbals, County Mayor, Chairman
Brian Armstrong
Ronnie Blevins
Willie Boyatt
Harold Chambers
David Day
Gerry Garrett
David Jeffers
June Jeffers
Sam Lyles
Kenny Morrow
Ernest Phillips
Dennis Sexton
Mike Slaven
Paul Strunk

Financial Management Committee

Mike Slaven, Chairman
Jeff Tibbals, County Mayor
Donald Sexton, Superintendent of Roads
Sharon Wilson, Director of Schools
Phillip Jones
Paul Strunk
Sam Lyles

Board of Education

James Sexton, Chairman
Tony Sexton
Brian Strunk
Esther Abbott
Brad Zachary
John Thompson
Richard Smith

FINANCIAL SECTION

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

February 17, 2012

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, 2011, 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 3.3 percent and 1.3 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Scott County Emergency Communications District, is based on the report of 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, 2011, 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 February 17, 2012, 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

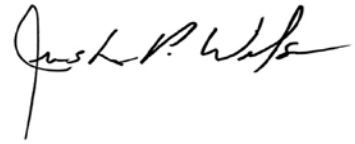
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 71 through 77 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 financial statements as a whole. 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, combining and individual fund financial statements of the Scott County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the 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, combining and individual fund financial statements of the Scott County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Basic Financial Statements

Exhibit A

Scott County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Scott County School Department	Emergency Communications District
ASSETS					
Cash	$ 390,673	$ 0	$ 390,673	$ 35,545	$ 968,030
Equity in Pooled Cash and Investments	2,296,044	41,590	2,337,634	6,027,442	0
Inventories	27,427	0	27,427	0	0
Accounts Receivable	4,451,446	13,214	4,464,660	1,610	8,282
Allowance for Uncollectibles	(3,742,924)	0	(3,742,924)	0	0
Due from Other Governments	1,017,637	0	1,017,637	1,109,253	0
Internal Balances	65	(65)	0	0	0
Property Taxes Receivable	4,802,690	0	4,802,690	2,090,565	0
Allowance for Uncollectible Property Taxes	(313,687)	0	(313,687)	(135,558)	0
Prepaid Items	0	0	0	0	4,693
Deferred Charges - Debt Issuance Cost	350,716	0	350,716	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,983,885	10,000	1,993,885	910,561	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	14,905,448	18,710	14,924,158	20,354,873	0
Other Capital Assets	1,951,866	3,585,248	5,537,114	1,191,668	104,199
Infrastructure - Roads, Streets, and Bridges	2,535,520	0	2,535,520	0	0
Total Assets	$ 30,656,806	$ 3,668,697	$ 34,325,503	$ 31,585,959	$ 1,085,204

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Scott County School Department	Emergency Communications District
LIABILITIES					
Accounts Payable	$ 474,951	$ 12,833	$ 487,784	$ 395,005	$ 0
Accrued Payroll	100,760	0	100,760	2,468,303	25
Accrued Interest Payable	100,760	1,430	102,190	0	0
Payroll Deductions Payable	16,482	0	16,482	48,612	0
Contracts Payable	18,783	0	18,783	0	0
Retainage Payable	0	7,500	7,500	0	0
Due to State of Tennessee	4,377	0	4,377	5,406	0
Due to Cities	239,758	0	239,758	0	0
Deferred Revenue - Property Tax	4,230,228	0	4,230,228	1,844,154	0
Other Current Liabilities	0	0	0	255,239	0
Noncurrent Liabilities:					
Due Within One Year	2,621,449	18,241	2,639,690	61,948	13,200
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	38,303,333	630,689	38,934,022	3,941,920	0
Total Liabilities	$ 46,110,881	$ 670,693	$ 46,781,574	$ 9,020,587	$ 13,225
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$ 8,069,932	$ 2,965,028	$ 11,034,960	$ 0	$ 0
Invested in Capital Assets	0	0	0	22,457,102	104,199
Restricted for:					
Administration of Justice	55,168	0	55,168	0	0
Public Safety	15,080	0	15,080	0	0
Social, Cultural, and Recreation	8,589	0	8,589	0	0
Highway/Public Works	414,112	0	414,112	0	0
Debt Service	1,178,352	0	1,178,352	0	0
Capital Projects	345,595	0	345,595	0	0
Education	0	0	0	1,078,392	0
Unrestricted	(25,540,903)	32,976	(25,507,927)	(970,122)	967,780
Total Net Assets (Deficit)	$ (15,454,075)	$ 2,998,004	$ (12,456,071)	$ 22,565,372	$ 1,071,979

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

Exhibit B

Scott County, Tennessee
Statement of Activities
For the Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
					Primary Government			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Scott County School Department	Emergency Communications District
Primary Government:									
Governmental Activities:									
General Government	$ 1,624,826	$ 114,724	$ 15,164	$ 110,000	$ (1,384,938)	$ 0	$ (1,384,938)	$ 0	$ 0
Finance	782,908	468,704	0	0	(314,204)	0	(314,204)	0	0
Administration of Justice	765,597	626,406	41,116	0	(98,075)	0	(98,075)	0	0
Public Safety	3,211,964	695,162	189,207	0	(2,327,595)	0	(2,327,595)	0	0
Public Health and Welfare	2,190,431	2,161,193	172,659	0	143,421	0	143,421	0	0
Social, Cultural, and Recreational Services	253,011	0	77,228	0	(175,783)	0	(175,783)	0	0
Agriculture and Natural Resources	31,499	0	0	0	(31,499)	0	(31,499)	0	0
Other Operations	1,470,483	324,880	337,245	313,154	(495,204)	0	(495,204)	0	0
Highways	2,102,030	18,922	1,878,115	120,000	(84,993)	0	(84,993)	0	0
Education	2,352,780	0	0	12,648	(2,340,132)	0	(2,340,132)	0	0
Interest on Long-term Debt	715,794	0	0	0	(715,794)	0	(715,794)	0	0
Debt Service	266,108	0	0	0	(266,108)	0	(266,108)	0	0
Total Governmental Activities	$ 15,767,431	$ 4,409,991	$ 2,710,734	$ 555,802	$ (8,090,904)	$ 0	$ (8,090,904)	$ 0	$ 0
Business-type Activities:									
Public Utility - Sewer	$ 280,237	$ 160,859	$ 0	$ 0	$ 0	$ (119,378)	$ (119,378)	$ 0	$ 0
Total Business-type Activities	$ 280,237	$ 160,859	$ 0	$ 0	$ 0	$ (119,378)	$ (119,378)	$ 0	$ 0
Total Primary Government	$ 16,047,668	$ 4,570,850	$ 2,710,734	$ 555,802	$ (8,090,904)	$ (119,378)	$ (8,210,282)	$ 0	$ 0
Component Units:									
Scott County School Department	$ 24,768,646	$ 302,908	$ 5,271,297	$ 2,370,780	$ 0	$ 0	$ 0	$ (16,823,661)	$ 0
Emergency Communications District	289,489	151,582	142,791	0	0	0	0	0	4,884
Total Component Units	$ 25,058,135	$ 454,490	$ 5,414,088	$ 2,370,780	$ 0	$ 0	$ 0	$ (16,823,661)	$ 4,884

(Continued)

Exhibit B

Scott County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Scott County School Department	Component Units: Emergency Communications District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					$ 1,762,251	$ 0	$ 1,762,251	$ 1,892,738	$ 0
Property Taxes Levied for General Debt Services					1,771,998	0	1,771,998	0	0
Property Taxes Levied for Rural Debt Service					884,011	0	884,011	0	0
Local Option Sales Taxes					364,046	0	364,046	1,220,953	0
Litigation Taxes					126,081	0	126,081	0	0
Business Taxes					143,408	0	143,408	0	0
Other Taxes					96,152	0	96,152	1,037	0
Grants and Contributions Not Restricted to Specific Programs					1,117,991	0	1,117,991	16,030,702	56,051
Unrestricted Investment Income					297,660	0	297,660	227	13,134
Miscellaneous					39,786	0	39,786	10,542	0
Total General Revenues					$ 6,603,384	$ 0	$ 6,603,384	$ 19,156,199	$ 69,185
Transfers					$ (32,625)	$ 32,625	$ 0	$ 0	$ 0
Change in Net Assets					$ (1,520,145)	$ (86,753)	$ (1,606,898)	$ 2,332,538	$ 74,069
Net Assets (Deficit), July 1, 2010					(13,933,930)	3,084,757	(10,849,173)	20,232,834	997,910
Net Assets (Deficit), June 30, 2011					$ (15,454,075)	$ 2,998,004	$ (12,456,071)	$ 22,565,372	$ 1,071,979

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, 2011

	Major Funds						Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS								
Cash	$ 100	$ 0	$ 0	$ 0	$ 0	$ 390,073	$ 500	$ 390,673
Equity in Pooled Cash and Investments	601,296	68,193	193,856	629,597	424,565	15,652	362,885	2,296,044
Inventories	27,427	0	0	0	0	0	0	27,427
Accounts Receivable	67,271	4,332,940	5,601	0	0	0	45,634	4,451,446
Allowance for Uncollectibles	0	(3,742,924)	0	0	0	0	0	(3,742,924)
Due from Other Governments	513,173	0	310,839	5,667	177,221	0	10,737	1,017,637
Due from Other Funds	118,389	0	0	0	0	0	0	118,389
Property Taxes Receivable	1,925,391	0	0	1,996,423	880,876	0	0	4,802,690
Allowance for Uncollectible Property Taxes	(125,974)	0	0	(130,112)	(57,601)	0	0	(313,687)
Total Assets	$ 3,127,073	$ 658,209	$ 510,296	$ 2,501,575	$ 1,425,061	$ 405,725	$ 419,756	$ 9,047,695
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	$ 397,763	$ 17,069	$ 52,883	$ 0	$ 2,079	$ 0	$ 5,157	$ 474,951
Accrued Payroll	9,706	56,888	33,231	0	0	0	935	100,760
Payroll Deductions Payable	15,918	334	204	0	0	0	26	16,482
Contracts Payable	0	0	0	0	0	18,783	0	18,783
Due to Other Funds	0	106,474	9,394	0	0	0	2,456	118,324
Due to State of Tennessee	0	3,905	472	0	0	0	0	4,377
Due to Cities	0	0	0	0	0	239,758	0	239,758
Deferred Revenue - Current Property Taxes	1,695,282	0	0	1,759,256	775,690	0	0	4,230,228
Deferred Revenue - Delinquent Property Taxes	97,964	0	0	100,711	44,407	0	0	243,082
Other Deferred Revenues	127,301	461,172	151,081	0	177,221	0	0	916,775
Total Liabilities	$ 2,343,934	$ 645,842	$ 247,265	$ 1,859,967	$ 999,397	$ 258,541	$ 8,574	$ 6,363,520

(Continued)

Exhibit C-1

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

	Major Funds						Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other Govern-mental Funds	Total Govern-mental Funds
LIABILITIES AND FUND BALANCES (CONT.)								
Fund Balances								
Nonspendable:								
Inventory	$ 27,427	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 27,427
Restricted:								
Restricted for Administration of Justice	1,605	0	0	0	0	0	53,563	55,168
Restricted for Public Safety	3,602	0	0	0	0	0	11,478	15,080
Restricted for Social, Cultural, and Recreational Services	8,589	0	0	0	0	0	0	8,589
Restricted for Highways/Public Works	0	0	263,031	0	0	0	0	263,031
Restricted for Debt Service	0	0	0	531,109	425,664	0	0	956,773
Restricted for Capital Projects	0	0	0	0	0	147,184	198,411	345,595
Committed:								
Committed for General Government	25,698	0	0	0	0	0	0	25,698
Committed for Public Health and Welfare	0	12,367	0	0	0	0	147,730	160,097
Committed for Other Operations	4,433	0	0	0	0	0	0	4,433
Committed for Debt Service	0	0	0	110,499	0	0	0	110,499
Assigned:								
Assigned for Public Safety	2,000	0	0	0	0	0	0	2,000
Assigned for Other Operations	476,593	0	0	0	0	0	0	476,593
Unassigned	233,192	0	0	0	0	0	0	233,192
Total Fund Balances	$ 783,139	$ 12,367	$ 263,031	$ 641,608	$ 425,664	$ 147,184	$ 411,182	$ 2,684,175
Total Liabilities and Fund Balances	$ 3,127,073	$ 658,209	$ 510,296	$ 2,501,575	$ 1,425,061	$ 405,725	$ 419,756	$ 9,047,695

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

Exhibit C-2

Scott County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2011

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)		$ 2,684,175
(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: infrastructure net of accumulated depreciation	2,535,520	
Add: buildings and improvements net of accumulated depreciation	14,905,448	
Add: other capital assets net of accumulated depreciation	1,951,866	21,376,719
(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	$ (3,852,686)	
Less: other loans payable	(24,842,390)	
Less: bonds payable	(9,509,000)	
Add: deferred amount on refunding	9,541	
Add: deferred charges - debt issuance costs	350,716	
Less: compensated absences payable	(175,974)	
Less: landfill postclosure care costs	(2,423,347)	
Less: claims and judgments payable	(14,314)	
Less: other postemployment benefits liability	(92,008)	
Less: accrued interest on bonds, notes, and capital leases	(100,760)	
Less: other deferred revenue - premium on debt	(24,604)	(40,674,826)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,159,857
Net assets (deficit) of governmental activities (Exhibit A)		$ (15,454,075)

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, 2011

	Major Funds						Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Revenues								
Local Taxes	$ 2,685,717	$ 0	$ 235	$ 1,705,139	$ 997,929	$ 0	$ 0	$ 5,389,020
Licenses and Permits	24,525	0	0	922	0	0	0	25,447
Fines, Forfeitures, and Penalties	136,430	0	0	0	0	0	148,196	284,626
Charges for Current Services	338,822	1,950,652	0	0	0	0	168,495	2,457,969
Other Local Revenues	548,323	18,216	23,552	135,547	180,644	16,071	18,784	941,137
Fees Received from County Officials	817,615	0	0	0	0	0	0	817,615
State of Tennessee	1,688,109	0	1,856,226	0	0	0	25,068	3,569,403
Federal Government	264,099	0	0	0	0	0	285,252	549,351
Other Governments and Citizens Groups	118,899	1,000	0	47,300	185,773	0	157,500	510,472
Total Revenues	$ 6,622,539	$ 1,969,868	$ 1,880,013	$ 1,888,908	$ 1,364,346	$ 16,071	$ 803,295	$ 14,545,040
Expenditures								
Current:								
General Government	$ 1,289,583	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,289,583
Finance	777,398	0	0	0	0	0	0	777,398
Administration of Justice	647,566	0	0	0	0	0	118,848	766,414
Public Safety	3,083,613	0	0	0	0	0	93	3,083,706
Public Health and Welfare	223,412	1,714,096	0	0	0	0	122,077	2,059,585
Social, Cultural, and Recreational Services	106,326	0	0	0	0	0	0	106,326
Agriculture and Natural Resources	31,499	0	0	0	0	0	0	31,499
Other Operations	1,527,015	0	0	0	0	0	53,248	1,580,263
Highways	235	0	1,849,658	0	0	0	12,508	1,862,401
Debt Service:								
Principal on Debt	0	0	231,985	1,013,033	938,390	0	7,667	2,191,075
Interest on Debt	0	0	53,372	264,050	411,175	0	337	728,934
Other Debt Service	0	0	0	192,357	30,371	0	0	222,728
Capital Projects	0	0	0	0	0	0	444,949	444,949
Capital Projects - Donated	0	0	0	0	0	2,352,780	0	2,352,780
Total Expenditures	$ 7,686,647	$ 1,714,096	$ 2,135,015	$ 1,469,440	$ 1,379,936	$ 2,352,780	$ 759,727	$ 17,497,641

(Continued)

Exhibit C-3

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

	Major Funds						Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Other Govern-mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	$ (1,064,108)	$ 255,772	$ (255,002)	$ 419,468	$ (15,590)	$ (2,336,709)	$ 43,568	$ (2,952,601)
Other Financing Sources (Uses)								
Insurance Recovery	$ 1,015	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,015
Transfers In	400,000	0	0	12,745	0	0	15,810	428,555
Transfers Out	(15,810)	(400,000)	(12,745)	(32,625)	0	0	0	(461,180)
Total Other Financing Sources (Uses)	$ 385,205	$ (400,000)	$ (12,745)	$ (19,880)	$ 0	$ 0	$ 15,810	$ (31,610)
Net Change in Fund Balances	$ (678,903)	$ (144,228)	$ (267,747)	$ 399,588	$ (15,590)	$ (2,336,709)	$ 59,378	$ (2,984,211)
Fund Balance, July 1, 2010	1,462,042	156,595	530,778	242,020	441,254	2,483,893	351,804	5,668,386
Fund Balance, June 30, 2011	$ 783,139	$ 12,367	$ 263,031	$ 641,608	$ 425,664	$ 147,184	$ 411,182	$ 2,684,175

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, 2011

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:		
Net change in fund balances - total governmental funds (Exhibit C-3)		$ (2,984,211)
(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	$ 386,684	
Less: current-year depreciation expense	(940,592)	(553,908)
(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		(3,883)
(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, 2011	$ 1,159,857	
Less: deferred delinquent property taxes and other deferred June 30, 2010	(1,426,001)	(266,144)
(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:		
Add: change in premium on debt issuances	$ 1,605	
Less: change in deferred debt issuance costs	(30,613)	
Add: principal payments on bonds	801,000	
Add: principal payments on notes	716,575	
Add: principal payments on other loans	673,500	
Less: change in deferred amount on refunding debt	(12,767)	2,149,300
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	$ 11,535	
Change in compensated absences payable	15,915	
Change in other postemployment benefits liability	(46,558)	
Change in claims and judgments liability	170,103	
Change in landfill postclosure care costs	(12,294)	138,701
Change in net assets of governmental activities (Exhibit B)		$ (1,520,145)

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, 2011

	Business-type Activities – Major Enterprise Fund
	Public Utility Fund
ASSETS	
Current Assets:	
Equity in Pooled Cash and Investments	$ 41,590
Accounts Receivable	13,214
Capital Assets:	
Assets Not Depreciated:	
Land	10,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	18,710
Other Capital Assets	3,585,248
Total Assets	$ 3,668,762
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 12,833
Retainage Payable	7,500
Due to Other Funds	65
Accrued Interest Payable	1,430
Noncurrent Liabilities:	
Due Within One Year	18,241
Due in More Than One Year	630,689
Total Liabilities	$ 670,758
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 2,965,028
Unrestricted	32,976
Total Net Assets	$ 2,998,004

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, 2011

	Business-type Activities - Major Enterprise Fund
	Public Utility Fund
Operating Revenues	
Charges for Services	$ 160,859
Total Operating Revenue	$ 160,859
Operating Expenses	
Salaries	$ 21,000
Fringe Benefits	3,063
Accounting Services	5,070
Communication	1,089
Postal Charges	171
Permits	1,040
Other Contracted Services	44,208
Diesel Fuel	171
Electricity	29,838
Maintenance and Repair Services - Vehicles	34,596
Gasoline	157
Water and Sewer	545
Other Supplies and Materials	11,686
Judgments	4,000
Insurance	1,558
Trustee's Commission	2,134
Depreciation	91,885
Total Operating Expenses	$ 252,211
Operating Income (Loss)	$ (91,352)
Nonoperating Revenues (Expenses)	
Interest on Debt	$ (28,026)
Total Nonoperating Revenues (Expenses)	$ (28,026)
Income Before Contributions and Transfers	$ (119,378)
Transfers In	32,625
Change in Net Assets	$ (86,753)
Net Assets, July 1, 2010	3,084,757
Net Assets, June, 30, 2011	$ 2,998,004

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, 2011

	Business-type Activities – Major Enterprise Fund Public Utility Fund
Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 160,405
Salaries and Fringe Benefits	(24,063)
Payments to Vendors	(129,680)
Net Cash Provided By (Used In) Operating Activities	$ 6,662
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Bonds	$ (18,120)
Interest Paid on Bonds	(28,065)
Net Cash Provided By (Used In) Capital and Related Financing Activities	$ (46,185)
Cash Flows from Noncapital Financing Activities	
Transfers from Other Funds	$ 32,625
Net Cash Provided By (Used In) Noncapital Financing Activities	$ 32,625
Increase (Decrease) in Cash	$ (6,898)
Cash, July 1, 2010	48,488
Cash, June 30, 2011	$ 41,590
Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ (91,352)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	91,885
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables, Net of Allowance	(454)
Increase (Decrease) in Current Liabilities	6,583
Net Cash Provided By (Used In) Operating Activities	$ 6,662

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, 2011

	Agency Funds
ASSETS	
Cash	$ 369,929
Equity in Pooled Cash and Investments	378,502
Accounts Receivable	4,640
Due from Other Governments	367,991
Property Taxes Receivable	1,366,860
Allowance for Uncollectible Taxes	(88,294)
Total Assets	$ 2,399,628
LIABILITIES	
Accounts Payable	$ 6,322
Due to Other Taxing Units	1,662,769
Due to Litigants, Heirs, and Others	372,172
Due to Joint Ventures	358,365
Total Liabilities	$ 2,399,628

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, 2011

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. All revenues generated by the authority's projects have been assigned to the county, and all financial transactions are 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. During the year ended June 30, 2011, no debt issues were contributed by the county to the School Department.

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 special revenue fund accounts for the transactions of the Scott County Ambulance Service. Patient charges are the foundational revenues of this fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county's Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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 special revenue 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.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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 Public Utility Fund 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 of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

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:

Assets	Years
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 financial 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, 2011, Scott County had $24,500,189 in outstanding debt for capital purposes of the discretely presented Scott County School Department and $397,928 for capital purposes of the Scott County Airport Authority. 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 other entities. 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund includes $476,593 of fund balance appropriated for use in the 2011-12 budget. Assigned fund balance in the School Department's General Purpose School Fund includes $347,210 of fund balance appropriated for use in the 2011-12 budget.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

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.

At June 30, 2011, Scott County reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Nonmajor Fund:		
General Capital Projects	State road construction	$ 214,744
Other Capital Projects	Road resurfacing	66,252

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission and Board of Education in the following funds' major appropriation categories (the legal level of control):

Funds/Major Categories	Amount Overspent
General:	
Property Assessor's Office	$ 1,296
Chancery Court	665
District Attorney General	2,435
Local Health Center	55
Senoir Citizen's Assistance	1,036
Transfers Out	15,810
General Purpose School:	
Special Education Program	2,166
Director of Schools	6,382
Community Services	1,387
School Federal Projects:	
Vocational Education Program	703

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by unspent appropriations in other major categories.

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, 2011.

B. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	$ 1,983,885	$ 0	$ 0	$ 1,983,885
Construction in Progress	891,675	187,500	(1,079,175)	0
Total Capital Assets Not Depreciated	$ 2,875,560	$ 187,500	$ (1,079,175)	$ 1,983,885
Capital Assets Depreciated:				
Buildings and Improvements	$ 21,532,430	$ 0	$ 0	$ 21,532,430
Infrastructure	2,428,665	401,663	0	2,830,328
Other Capital Assets	3,293,162	876,696	(42,375)	4,127,483
Total Capital Assets Depreciated	$ 27,254,257	$ 1,278,359	$ (42,375)	$ 28,490,241
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 6,144,317	$ 482,665	$ 0	$ 6,626,982
Infrastructure	226,559	68,249	0	294,808
Other Capital Assets	1,824,431	389,678	(38,492)	2,175,617
Total Accumulated Depreciation	$ 8,195,307	$ 940,592	$ (38,492)	$ 9,097,407
Total Capital Assets Depreciated, Net	$ 19,058,950	$ 337,767	$ (3,883)	$ 19,392,834
Governmental Activities Capital Assets, Net	$ 21,934,510	$ 525,267	$ (1,083,058)	$ 21,376,719

Business-type Activities

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	$ 10,000	$ 0	$ 10,000
Total Capital Assets Not Depreciated	$ 10,000	$ 0	$ 10,000
Capital Assets Depreciated:			
Buildings and Improvements	$ 93,542	$ 0	$ 93,542
Other Capital Assets	4,305,397	0	4,305,397
Total Capital Assets Depreciated	$ 4,398,939	$ 0	$ 4,398,939
Less Accumulated Depreciation For:			
Buildings and Improvements	$ 70,155	$ 4,677	$ 74,832
Other Capital Assets	632,941	87,208	720,149
Total Accumulated Depreciation	$ 703,096	$ 91,885	$ 794,981
Total Capital Assets Depreciated, Net	$ 3,695,843	$ (91,885)	$ 3,603,958
Business-type Activities Capital Assets, Net	$ 3,705,843	$ (91,885)	$ 3,613,958

The business-type activities had no decreases in capital assets during the year. Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	$ 293,097
Administration of Justice	1,850
Finance	1,500
Public Safety	186,839
Public Health and Welfare	120,904
Social, Cultural, and Recreational Services	146,685
Other Operations	46,350
Highways	143,367
Total Depreciation Expense - Governmental Activities	$ 940,592

Business-type Activities:

Sewer	$ 91,885
Total Depreciation Expense - Business-type Activities	$ 91,885

Discretely Presented Scott County School Department

Capital assets activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	$ 910,561	$ 0	$ 0	$ 910,561
Construction in Progress	7,024,906	2,352,781	(9,377,687)	0
Total Capital Assets Not Depreciated	$ 7,935,467	$ 2,352,781	$ (9,377,687)	$ 910,561
Capital Assets Depreciated:				
Buildings and Improvements	$ 19,403,145	$ 9,430,161	$ 0	$ 28,833,306
Other Capital Assets	4,134,200	123,992	(33,314)	4,224,878
Total Capital Assets Depreciated	$ 23,537,345	$ 9,554,153	$ (33,314)	$ 33,058,184
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 7,835,052	$ 643,381	$ 0	$ 8,478,433
Other Capital Assets	2,694,254	372,270	(33,314)	3,033,210
Total Accumulated Depreciation	$ 10,529,306	$ 1,015,651	$ (33,314)	$ 11,511,643
Total Capital Assets Depreciated, Net	$ 13,008,039	$ 8,538,502	$ 0	$ 21,546,541
Governmental Activities Capital Assets, Net	$ 20,943,506	$ 10,891,283	$ (9,377,687)	$ 22,457,102

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

Governmental Activities:

Instruction	$ 26,991
Support Services	980,280
Operation of Non-Instructional Services	8,380
Total Depreciation Expense - Governmental Activities	$ 1,015,651

C. Construction Commitments

At June 30, 2011, 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 administers the project and bills the county for its portion. Funding is being provided for these future expenditures from other loans.

At June 30, 2011, the county had outstanding commitments of $66,252 in the Other Capital Projects Fund related to the county's portion of a project for the resurfacing of Norma Road. Costs for this project were shared with the Tennessee Department of Transportation and the National Coal Corporation. The Tennessee Department of Transportation is administering the project, and bills Scott County for its portion. Funding is to be provided for these future expenditures from the Scott County Highway Department.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Ambulance Service	$ 106,474
"	Highway/Public Works	9,394
"	Nonmajor governmental	2,456
"	Public Utility	65
School Department:		
School Federal Projects	General Purpose School	784

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

	Transfers In		
Transfers Out	General Fund	General Debt Service Fund	Public Utility Fund
Ambulance Service Fund	$ 400,000	$ 0	$ 0
Highway/Public Works Fund	0	12,745	0
General Debt Service Fund	0	0	32,625
Total	$ 400,000	$ 12,745	$ 32,625

	Transfer In
Transfer Out	Nonmajor Governmental Fund
General Fund	$ 15,810

Discretely Presented Scott County School Department

	Transfer In
Transfer Out	General Purpose School Fund
School Federal Projects Fund	$ 23,800

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 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 the hospital operator, effective May 24, 2012. Subsequent to June 30, 2011, the lease agreement with Mercy was further amended as discussed in Note V.D. 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 of the current assets and liabilities of the nursing home and to pay Scott County a monthly fee. The current payments under this agreement are $95,856 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. In the government-wide financial statements, the upgrades and equipment were expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Year Ending June 30	Governmental Funds
2012	$ 170,186
2013	175,291
2014	180,550
2015	185,966
2016	191,545
2017-2021	1,047,449
2022-2026	1,214,281
2027	301,903
Total Minimum Lease Payments	$ 3,467,171
Less: Amount Representing Interest	(1,096,814)
Present Value of Minimum Lease Payments	$ 2,370,357

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 $1,232,768 and $16,331 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, and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	3 to 5 %	$ 3,205,000	$ 2,699,000
General Obligation Bonds - Refunding	1.1 to 4.5	14,707,635	6,810,000
Capital Outlay Notes	2.7 to 5	7,013,046	3,852,686
Other Loans	Variable	27,229,490	24,842,390

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, 2011:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-11	Interest Type	Interest Rates as of 6-30-11	Other Fees on Variable Rate Debt
Montgomery County Public Building Authority					
Building and Equipment	$ 1,000,000	$ 547,900	Variable	.16%	.77 %
Various School Projects	3,000,000	2,095,000	Variable	.08%	.63
Justice Center	10,000,000	8,551,490 (1)	Variable	.08%	.55
City of Clarksville Public Building Authority					
School Renovations and Improvements	13,940,000	13,648,000	Variable	.09%	.99
Total		$ 24,842,390			

(1) Total available at June 30, 2011, 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, 2011, including interest and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
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
2017-2021	1,568,000	1,314,144	2,882,144
2022-2026	2,650,000	931,439	3,581,439
2027-2031	2,130,000	247,420	2,377,420
2032-2035	145,000	17,576	162,576
Total	$ 9,509,000	$ 4,251,113	$ 13,760,113

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2012	$ 861,217	$ 155,152	$ 1,016,369
2013	1,482,560	114,172	1,596,732
2014	463,299	65,279	528,578
2015	362,982	45,952	408,934
2016	260,701	29,662	290,363
2017-2019	421,927	26,960	448,887
Total	$ 3,852,686	$ 437,177	$ 4,289,863

Year Ending June 30	Other Loans Principal	Other Loans Interest	Other Loans Other Fees	Other Loans Total
2012	$ 704,600	$ 21,677	$ 199,051	$ 925,328
2013	736,700	21,048	193,626	951,374
2014	771,000	20,390	187,951	979,341
2015	807,400	19,701	182,009	1,009,110
2016	845,000	18,979	175,783	1,039,762
2017-2021	4,848,200	82,832	774,803	5,705,835
2022-2026	5,039,000	60,701	578,563	5,678,264
2027-2031	5,914,000	38,204	367,326	6,319,530
2032-2035	5,176,490	10,743	106,922	5,294,155
Total	$ 24,842,390	$ 294,275	$ 2,766,034	$ 27,902,699

There is $1,067,272 available in the debt service funds to service long-term debt. Bonded debt per capita totaled $104, based on the 2010 federal census for residents living inside the Oneida School District and $494 for residents

living outside the Oneida School District. Debt per capita, including notes, other loans, and capital leases totaled $1,243, for residents living inside the Oneida Special School District and $1,944, for residents living outside the Oneida Special School District.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2010	$ 10,310,000	$ 4,569,261	$ 25,515,890
Deductions	(801,000)	(716,575)	(673,500)
Balance, June 30, 2011	$ 9,509,000	$ 3,852,686	$ 24,842,390
Balance Due Within One Year	$ 812,000	$ 861,217	$ 704,600

	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2010	$ 191,889	$ 2,411,053
Additions	208,139	23,994
Deductions	(224,054)	(11,700)
Balance, June 30, 2011	$ 175,974	$ 2,423,347
Balance Due Within One Year	$ 140,779	$ 88,539

	Claims and Judgments	Other Postemployment Benefits
Balance, July 1, 2010	$ 184,417	$ 45,450
Additions	0	49,108
Deductions	(170,103)	(2,550)
Balance, June 30, 2011	$ 14,314	$ 92,008
Balance Due Within One Year	$ 14,314	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	$ 40,909,719
Less: Balance Due Within One Year	(2,621,449)
Less: Deferred Amount on Refunding	(9,541)
Add: Unamortized Premium on Debt	24,604
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 38,303,333

Claims and Judgments Payable reflects the long-term portion of payments required for workers' compensation claims discussed in Note V.B., Risk Financing Activities.

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. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Defeasance of Prior Debt

In a previous year, Scott County defeased an outstanding zero-interest loan agreement. This agreement had 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 $180,644 in interest income from the trust during the year.

Public Utility Fund (enterprise fund)

Bonds outstanding were issued for original terms of up to 38 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Outstanding bonds will be retired by the Public Utility Fund.

Bonds outstanding as of June 30, 2011, for business-type activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Revenue and Tax Bonds	4.25 %	$ 255,000	$ 243,930
General Obligation Bonds - Refunding	1.1 to 4.7	490,000	405,000

The annual requirements to amortize all outstanding bonds at June 30, 2011, including interest payments, are as follows:

Year Ending June 30	Bonds Principal	Interest	Total
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
2017-2021	141,944	105,326	247,270
2022-2026	182,131	71,774	253,905
2027-2031	68,541	35,904	104,445
2032-2036	41,461	26,339	67,800
2037-2041	51,273	16,527	67,800
2042-2046	50,830	4,639	55,469
Total	$ 648,930	$ 390,329	$ 1,039,259

Changes in Long-term Liabilities

Long-term liability activity for the Public Utility Fund for the year ended June 30, 2011, was as follows:

Business-type Activities:

	Public Utility Fund Bonds
Balance, July 1, 2010	$ 667,050
Deductions	(18,120)
Balance, June 30, 2011	$ 648,930
Balance Due Within One Year	$ 18,241

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, 2011, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Capital Leases
Balance, July 1, 2010	$ 1,258,704	$ 2,424,679
Additions	593,991	0
Deductions	(219,184)	(54,322)
Balance, June 30, 2011	$ 1,633,511	$ 2,370,357
Balance Due Within One Year	$ 0	$ 61,948

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	$ 4,003,868
Less: Balance Due Within One Year	(61,948)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 3,941,920

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

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, 2011, were $59,686 and $17,275, 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. As of June 30, 2011, Scott County owes a balance of $14,314 toward this assessment, which is reflected as a long-term liability. See Note IV.G., Long-term Debt.

C. Accounting Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Scott County and the Scott County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

D. Subsequent Events

On August 15, 2011, the County Commission approved an amendment to the Scott County Hospital lease agreement, and a Charity Care Subsidy agreement with Mercy Health Partners, the current hospital lessee. These agreements provided for Mercy Health Partners to pay lease payments of $95,833 per month to the county, while the county pays $250,000 per quarter to Mercy Health Partners to offset the cost of charity care and uncompensated care that Mercy Health Partners provides to the residents of Scott County. These agreements were approved and made retroactive to be effective for the period beginning January 1, 2011. As discussed in Note IV.E., the lease with Mercy Health Partners terminates May 24, 2012, and the county is currently searching for a new hospital operator.

Sharon Wilson left the Office of Director of Schools on July 1, 2011, and was succeeded by Billy Hall.

Carol Lowe left the Office of Finance Director on January 18, 2012, and was succeeded by Brian Strunk.

On October 17, 2011, the County Commission authorized the road superintendent to borrow up to $66,252 for the resurfacing of Norma Road.

On January 17, 2012, the County Commission authorized the issuance of a Highway/Public Works Fund capital outlay note not to exceed $82,500 for the purchase of a metal building.

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. Potential exposure to the county in this case exceeds $10,000.

2. 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 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.

    c. 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. Changes in Administration

Keith Jeffers left the Office of Finance Director on July 31, 2010. Carol Lowe served as interim director until October 11, 2010, when she was appointed to fill the position.

On August 31, 2010, Rick Keeton left the Office of County Mayor and was succeeded by Jeff Tibbals, and Bobby Ellis left the Office of Sheriff (interim) and was succeeded by Michael Cross.

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 of after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Scott County closed its sanitary landfill in 2007. The $2,423,347 reported as postclosure care liability at June 30, 2011, represents amounts based on what it would cost to perform all postclosure care in 2011. 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, 2011, 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 Office:

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, 2011.

J. Retirement Commitments

Plan Description

Employees of Scott County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Scott County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at http://www.tn.gov/treasury/tcrs/PS/.

Funding Policy

Scott County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 6.94 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of $563,124 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the 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 2.5 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 ten-year period. The 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, 2009, was 20 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
6-30-11	$563,124	100%	$0
6-30-10	497,708	100	0
6-30-09	472,184	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 $20 million, and the actuarial value of assets was $17 million, resulting in an unfunded actuarial accrued liability (UAAL) of $2 million. The covered payroll (annual payroll of active employees covered by the plan) was $8 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 annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

SCHOOL TEACHERS

Plan Description

The Scott County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (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. Cost of living adjustments (COLA) are 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.

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, 2011, was 9.05 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, 2011, 2010, and 2009, were $812,928, $685,017, and $671,478, 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, 2011.

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. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) 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 http://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. Retirees in the Local Education Group Insurance Plan contribute $47 to $384 per month depending on years of service and type of coverage. During the year ended June 30, 2011, the discretely presented Scott County School Department contributed $219,184 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	$ 514,000	$ 49,000	$ 77,000
Interest on the NPO	50,604	2,045	6,038
Adjustment to the ARC	(47,932)	(1,937)	(5,719)
Annual OPEB cost	$ 516,672	$ 49,108	$ 77,319
Amount of contribution	(214,234)	(2,550)	(4,950)
Increase/decrease in NPO	$ 302,438	$ 46,558	$ 72,369
Net OPEB obligation, 7-1-10	1,124,523	45,450	134,181
Net OPEB obligation, 6-30-11	$ 1,426,961	$ 92,008	$ 206,550

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Education Group Plan	Medicare Supplement Plan	
		Primary Government	School Department
Actuarial valuation date	7-1-10	7-1-10	7-1-10
Actuarial accrued liability (AAL)	$ 4,389,000	$ 437,000	$ 960,000
Actuarial value of plan assets	$ 0	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 4,389,000	$ 437,000	$ 960,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	$ 10,569,624	$ 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, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare premium trend rate for the Medicare Supplement Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. All 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 a 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 was not measurable at June 30, 2011. Payments totaling $37,050 were paid to individuals who retired during the year ending June 30, 2011.

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, 2011, the district had 6,437 residential customers and 1,962 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 $13,134 on all investments for the year ended June 30, 2011.

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 $975,996, and the bank balance was $1,044,802. Of that amount, $965,607 was insured by the FDIC, 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 $22,655.

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 7-1-10	Additions	Balance 6-30-11
Equipment			
Mapping Equipment	$ 20,195	$ 0	$ 20,195
Communication Equipment	386,908	32,436	419,344
Vehicles	24,500	0	24,500
	$ 431,603	$ 32,436	$ 464,039
Accumulated Depreciation			
Mapping Equipment	$ (9,819)	$ (2,323)	$ (12,142)
Communication Equipment	(306,949)	(16,832)	(323,781)
Vehicles	(20,417)	(3,500)	(23,917)
	$ (337,185)	$ (22,655)	$ (359,840)
Net Investment in Capital Assets	$ 94,418	$ 9,781	$ 104,199

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

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

The district is required by state statute to adopt the annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the board of directors and any authorized revisions. Unencumbered appropriations lapse at the end of each year.

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

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

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

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

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

C. Accounting Standards

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

REQUIRED SUPPLEMENTARY INFORMATION

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, 2011

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,685,717	$ 2,607,961	$ 2,607,961	$ 77,756
Licenses and Permits	24,525	20,600	20,600	3,925
Fines, Forfeitures, and Penalties	136,430	153,200	153,200	(16,770)
Charges for Current Services	338,822	384,000	384,450	(45,628)
Other Local Revenues	548,323	491,856	565,950	(17,627)
Fees Received from County Officials	817,615	865,000	865,000	(47,385)
State of Tennessee	1,688,109	1,928,400	2,090,459	(402,350)
Federal Government	264,099	86,996	228,465	35,634
Other Governments and Citizens Groups	118,899	0	111,861	7,038
Total Revenues	$ 6,622,539	$ 6,538,013	$ 7,027,946	$ (405,407)
Expenditures				
General Government				
County Commission	$ 170,967	$ 159,365	$ 177,609	$ 6,642
County Mayor/Executive	188,866	190,658	192,458	3,592
County Attorney	55,083	55,212	55,212	129
Election Commission	191,042	205,499	215,499	24,457
Register of Deeds	143,603	146,173	146,173	2,570
Development	30,511	0	30,511	0
County Buildings	509,511	428,096	522,471	12,960
Finance				
Accounting and Budgeting	241,694	245,984	245,984	4,290
Property Assessor's Office	198,285	177,962	196,989	(1,296)
County Trustee's Office	139,664	136,420	140,704	1,040
County Clerk's Office	197,755	206,947	206,947	9,192
Administration of Justice				
Circuit Court	233,114	234,126	234,126	1,012
General Sessions Court	243,805	250,890	260,890	17,085
Chancery Court	128,212	127,547	127,547	(665)
District Attorney General	42,435	40,000	40,000	(2,435)
Public Safety				
Sheriff's Department	1,313,082	1,299,643	1,336,370	23,288
Drug Enforcement	0	34,920	34,920	34,920
Administration of the Sexual Offender Registry	2,463	0	3,000	537
Jail	1,473,276	1,263,756	1,515,756	42,480
Juvenile Services	228,231	249,890	242,910	14,679
Fire Prevention and Control	2,000	2,000	2,000	0
Civil Defense	48,600	27,967	48,751	151
Rescue Squad	10,000	10,000	10,000	0
County Coroner/Medical Examiner	5,961	6,002	6,002	41
Public Health and Welfare				
Local Health Center	57,456	57,401	57,401	(55)
Other Local Health Services	164,049	189,508	189,508	25,459

(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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Public Health and Welfare (Cont.)				
General Welfare Assistance	$ 1,785	$ 2,250	$ 2,250	$ 465
Other Local Welfare Services	122	244	244	122
Social, Cultural, and Recreational Services				
Senior Citizens Assistance	55,806	53,785	54,770	(1,036)
Libraries	50,520	49,235	50,885	365
Agriculture and Natural Resources				
Agriculture Extension Service	31,499	41,905	41,905	10,406
Other Operations				
Tourism	41,675	54,274	54,274	12,599
Other Economic and Community Development	41,711	55,902	55,902	14,191
Airport	314,554	327,240	335,790	21,236
Veterans' Services	37,332	37,624	37,624	292
Other Charges	81,350	0	81,350	0
Contributions to Other Agencies	116,392	88,750	127,249	10,857
ARRA Grant No. 1	98,426	0	100,000	1,574
ARRA Grant No. 2	49,488	49,560	49,560	72
Miscellaneous	746,087	308,366	775,676	29,589
Highways				
Highway and Bridge Maintenance	235	235	235	0
Instruction				
Vocational Education Program	0	25,343	0	0
Total Expenditures	$ 7,686,647	$ 6,840,679	$ 8,007,452	$ 320,805
Excess (Deficiency) of Revenues Over Expenditures	$ (1,064,108)	$ (302,666)	$ (979,506)	$ (84,602)
Other Financing Sources (Uses)				
Insurance Recovery	$ 1,015	$ 0	$ 0	$ 1,015
Transfers In	400,000	500,000	400,000	0
Transfers Out	(15,810)	(670,175)	0	(15,810)
Total Other Financing Sources (Uses)	$ 385,205	$ (170,175)	$ 400,000	$ (14,795)
Net Change in Fund Balance	$ (678,903)	$ (472,841)	$ (579,506)	$ (99,397)
Fund Balance, July 1, 2010	1,462,042	1,091,749	1,091,749	370,293
Fund Balance, June 30, 2011	$ 783,139	$ 618,908	$ 512,243	$ 270,896

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, 2011

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 1,950,652	$ 2,225,675	$ 2,225,675	$ (275,023)
Other Local Revenues	18,216	0	14,476	3,740
Other Governments and Citizens Groups	1,000	0	0	1,000
Total Revenues	$ 1,969,868	$ 2,225,675	$ 2,240,151	$ (270,283)
Expenditures				
Public Health and Welfare				
Ambulance/Emergency Medical Services	$ 1,714,096	$ 1,815,717	$ 1,830,193	$ 116,097
Total Expenditures	$ 1,714,096	$ 1,815,717	$ 1,830,193	$ 116,097
Excess (Deficiency) of Revenues Over Expenditures	$ 255,772	$ 409,958	$ 409,958	$ (154,186)
Other Financing Sources (Uses)				
Transfers Out	$ (400,000)	$ (500,000)	$ (400,000)	$ 0
Total Other Financing Sources (Uses)	$ (400,000)	$ (500,000)	$ (400,000)	$ 0
Net Change in Fund Balance	$ (144,228)	$ (90,042)	$ 9,958	$ (154,186)
Fund Balance, July 1, 2010	156,595	172,590	172,590	(15,995)
Fund Balance, June 30, 2011	$ 12,367	$ 82,548	$ 182,548	$ (170,181)

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, 2011

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 235	$ 235	$ 235	$ 0
Other Local Revenues	23,552	2,000	24,552	(1,000)
State of Tennessee	1,856,226	2,082,954	2,082,954	(226,728)
Total Revenues	$ 1,880,013	$ 2,085,189	$ 2,107,741	$ (227,728)
Expenditures				
Highways				
Administration	$ 108,214	$ 107,258	$ 108,870	$ 656
Highway and Bridge Maintenance	1,173,279	914,796	1,191,460	18,181
Operation and Maintenance of Equipment	353,707	296,137	380,966	27,259
Other Charges	76,872	70,320	78,934	2,062
Employee Benefits	101,572	96,615	101,920	348
Capital Outlay	36,014	300,000	336,014	300,000
Principal on Debt				
Highways and Streets	231,985	231,985	231,985	0
Interest on Debt				
Highways and Streets	53,372	55,329	55,329	1,957
Total Expenditures	$ 2,135,015	$ 2,072,440	$ 2,485,478	$ 350,463
Excess (Deficiency) of Revenues Over Expenditures	$ (255,002)	$ 12,749	$ (377,737)	$ 122,735
Other Financing Sources (Uses)				
Transfers Out	$ (12,745)	$ (12,749)	$ (12,749)	$ 4
Total Other Financing Sources (Uses)	$ (12,745)	$ (12,749)	$ (12,749)	$ 4
Net Change in Fund Balance	$ (267,747)	$ 0	$ (390,486)	$ 122,739
Fund Balance, July 1, 2010	530,778	415,621	415,621	115,157
Fund Balance, June 30, 2011	$ 263,031	$ 415,621	$ 25,135	$ 237,896

Exhibit F-4

Scott County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Scott County School Department
June 30, 2011

(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 entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year 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, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PRIMARY GOVERNMENT							
Medicare Supplement*	7-1-09	$ 0	$ 437	$ 437	0 %	$ N/A	N/A %
"	7-1-10	0	437	437	0	N/A	N/A
DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT							
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
"	7-1-10	0	4,389	4,389	0	10,570	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
"	7-1-10	0	960	960	0	N/A	N/A

*Data only available for two actuarial valuations.

SCOTT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

A. BUDGETARY INFORMATION

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

The budgetary level of control is at the major category level established by the 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, Other Boards, County Mayor/Executive, Personnel Office 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, if any, is presented on the face of each budgetary schedule.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the following major categories of the General Fund:

Major Category	Amount Overspent
Property Assessor's Office	$ 1,296
Chancery Court	665
District Attorney General	2,435
Local Health Center	55
Senoir Citizen's Assistance	1,036
Transfers Out	15,810

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by unspent appropriations in other major categories.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

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

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

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

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

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects Fund – The General Capital Projects Fund is used primarily to account for the activities related to the construction of an industrial access road at the Scott County airport.

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, road resurfacing, and an Appalachian Regional Commission Grant.

Exhibit G-1

Scott County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds				
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu-tional Officers - Fees	Total
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 500	$ 500
Equity in Pooled Cash and Investments	106,050	6,230	52,194	0	164,474
Accounts Receivable	40,093	5,541	0	0	45,634
Due from Other Governments	4,909	0	5,828	0	10,737
Total Assets	$ 151,052	$ 11,771	$ 58,022	$ 500	$ 221,345
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 405	$ 293	$ 4,459	$ 0	$ 5,157
Accrued Payroll	935	0	0	0	935
Payroll Deductions Payable	26	0	0	0	26
Due to Other Funds	1,956	0	0	500	2,456
Total Liabilities	$ 3,322	$ 293	$ 4,459	$ 500	$ 8,574
Fund Balances					
Restricted:					
Restricted for Administration of Justice	$ 0	$ 0	$ 53,563	$ 0	$ 53,563
Restricted for Public Safety	0	11,478	0	0	11,478
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	147,730	0	0	0	147,730
Total Fund Balances	$ 147,730	$ 11,478	$ 53,563	$ 0	$ 212,771
Total Liabilities and Fund Balances	$ 151,052	$ 11,771	$ 58,022	$ 500	$ 221,345

(Continued)

Exhibit G-1

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

	Capital Projects Funds				
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	Total Nonmajor Governmental Funds
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 0	$ 500
Equity in Pooled Cash and Investments	182,628	5,858	9,925	198,411	362,885
Accounts Receivable	0	0	0	0	45,634
Due from Other Governments	0	0	0	0	10,737
Total Assets	$ 182,628	$ 5,858	$ 9,925	$ 198,411	$ 419,756
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 0	$ 0	$ 0	$ 0	$ 5,157
Accrued Payroll	0	0	0	0	935
Payroll Deductions Payable	0	0	0	0	26
Due to Other Funds	0	0	0	0	2,456
Total Liabilities	$ 0	$ 0	$ 0	$ 0	$ 8,574
Fund Balances					
Restricted:					
Restricted for Administration of Justice	$ 0	$ 0	$ 0	$ 0	$ 53,563
Restricted for Public Safety	0	0	0	0	11,478
Restricted for Capital Projects	182,628	5,858	9,925	198,411	198,411
Committed:					
Committed for Public Health and Welfare	0	0	0	0	147,730
Total Fund Balances	$ 182,628	$ 5,858	$ 9,925	$ 198,411	$ 411,182
Total Liabilities and Fund Balances	$ 182,628	$ 5,858	$ 9,925	$ 198,411	$ 419,756

Exhibit G-2

Scott County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds				
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Total
Revenues					
Fines, Forfeitures, and Penalties	$ 0	$ 54,949	$ 93,247	$ 0	$ 148,196
Charges for Current Services	158,764	0	0	9,731	168,495
Other Local Revenues	12,284	6,500	0	0	18,784
State of Tennessee	25,068	0	0	0	25,068
Federal Government	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0	0
Total Revenues	$ 196,116	$ 61,449	$ 93,247	$ 9,731	$ 360,543
Expenditures					
Current:					
Administration of Justice	$ 0	$ 0	$ 109,210	$ 9,638	$ 118,848
Public Safety	0	0	0	93	93
Public Health and Welfare	122,077	0	0	0	122,077
Other Operations	0	53,248	0	0	53,248
Highways	12,508	0	0	0	12,508
Debt Service:					
Principal on Debt	7,667	0	0	0	7,667
Interest on Debt	337	0	0	0	337
Capital Projects	0	0	0	0	0
Total Expenditures	$ 142,589	$ 53,248	$ 109,210	$ 9,731	$ 314,778
Excess (Deficiency) of Revenues Over Expenditures	$ 53,527	$ 8,201	$ (15,963)	$ 0	$ 45,765
Other Financing Sources (Uses)					
Transfers In	$ 0	$ 0	$ 0	$ 0	$ 0
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 0	$ 0
Net Change in Fund Balances	$ 53,527	$ 8,201	$ (15,963)	$ 0	$ 45,765
Fund Balance, July 1, 2010	94,203	3,277	69,526	0	167,006
Fund Balance, June 30, 2011	$ 147,730	$ 11,478	$ 53,563	$ 0	$ 212,771

(Continued)

Exhibit G-2

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

	Capital Projects Funds				
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	Total Nonmajor Governmental Funds
Revenues					
Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 0	$ 148,196
Charges for Current Services	0	0	0	0	168,495
Other Local Revenues	0	0	0	0	18,784
State of Tennessee	0	0	0	0	25,068
Federal Government	150,000	0	135,252	285,252	285,252
Other Governments and Citizens Groups	37,500	0	120,000	157,500	157,500
Total Revenues	$ 187,500	$ 0	$ 255,252	$ 442,752	$ 803,295
Expenditures					
Current:					
Administration of Justice	$ 0	$ 0	$ 0	$ 0	$ 118,848
Public Safety	0	0	0	0	93
Public Health and Welfare	0	0	0	0	122,077
Other Operations	0	0	0	0	53,248
Highways	0	0	0	0	12,508
Debt Service:					
Principal on Debt	0	0	0	0	7,667
Interest on Debt	0	0	0	0	337
Capital Projects	187,500	0	257,449	444,949	444,949
Total Expenditures	$ 187,500	$ 0	$ 257,449	$ 444,949	$ 759,727
Excess (Deficiency) of Revenues Over Expenditures	$ 0	$ 0	$ (2,197)	$ (2,197)	$ 43,568
Other Financing Sources (Uses)					
Transfers In	$ 0	$ 0	$ 15,810	$ 15,810	$ 15,810
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 15,810	$ 15,810	$ 15,810
Net Change in Fund Balances	$ 0	$ 0	$ 13,613	$ 13,613	$ 59,378
Fund Balance, July 1, 2010	182,628	5,858	(3,688)	184,798	351,804
Fund Balance, June 30, 2011	$ 182,628	$ 5,858	$ 9,925	$ 198,411	$ 411,182

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, 2011

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 158,764	$ 121,000	$ 121,351	$ 37,413
Other Local Revenues	12,284	6,000	9,414	2,870
State of Tennessee	25,068	34,637	34,637	(9,569)
Total Revenues	$ 196,116	$ 161,637	$ 165,402	$ 30,714
Expenditures				
Public Health and Welfare				
Recycling Center	$ 110,377	$ 117,604	$ 121,369	$ 10,992
Postclosure Care Costs	11,700	20,000	20,000	8,300
Highways				
Litter and Trash Collection	12,508	15,000	15,000	2,492
Principal on Debt				
General Government	7,667	7,667	7,667	0
Interest on Debt				
General Government	337	1,150	1,150	813
Total Expenditures	$ 142,589	$ 161,421	$ 165,186	$ 22,597
Excess (Deficiency) of Revenues Over Expenditures	$ 53,527	$ 216	$ 216	$ 53,311
Net Change in Fund Balance	$ 53,527	$ 216	$ 216	$ 53,311
Fund Balance, July 1, 2010	94,203	245,123	245,123	(150,920)
Fund Balance, June 30, 2011	$ 147,730	$ 245,339	$ 245,339	$ (97,609)

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, 2011

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 54,949	$ 52,500	$ 61,528	$ (6,579)
Other Local Revenues	6,500	0	5,000	1,500
Total Revenues	$ 61,449	$ 52,500	$ 66,528	$ (5,079)
Expenditures				
Other Operations				
Miscellaneous	$ 53,248	$ 52,020	$ 66,048	$ 12,800
Total Expenditures	$ 53,248	$ 52,020	$ 66,048	$ 12,800
Excess (Deficiency) of Revenues Over Expenditures	$ 8,201	$ 480	$ 480	$ 7,721
Net Change in Fund Balance	$ 8,201	$ 480	$ 480	$ 7,721
Fund Balance, July 1, 2010	3,277	2,126	2,126	1,151
Fund Balance, June 30, 2011	$ 11,478	$ 2,606	$ 2,606	$ 8,872

Major Governmental Funds

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

Rural Debt Service Fund – The Rural Debt Service 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, 2011

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,705,139	$ 1,729,530	$ 1,729,530	$ (24,391)
Licenses and Permits	922	600	600	322
Other Local Revenues	135,547	141,372	141,372	(5,825)
Other Governments and Citizens Groups	47,300	0	0	47,300
Total Revenues	$ 1,888,908	$ 1,871,502	$ 1,871,502	$ 17,406
Expenditures				
Principal on Debt				
General Government	$ 1,013,033	$ 1,013,033	$ 1,013,033	$ 0
Interest on Debt				
General Government	264,050	1,370,777	1,350,063	1,086,013
Other Debt Service				
General Government	192,357	175,000	195,714	3,357
Total Expenditures	$ 1,469,440	$ 2,558,810	$ 2,558,810	$ 1,089,370
Excess (Deficiency) of Revenues Over Expenditures	$ 419,468	$ (687,308)	$ (687,308)	$ 1,106,776
Other Financing Sources (Uses)				
Transfers In	$ 12,745	$ 682,923	$ 682,923	$ (670,178)
Transfers Out	(32,625)	(32,625)	(32,625)	0
Total Other Financing Sources (Uses)	$ (19,880)	$ 650,298	$ 650,298	$ (670,178)
Net Change in Fund Balance	$ 399,588	$ (37,010)	$ (37,010)	$ 436,598
Fund Balance, July 1, 2010	242,020	232,025	232,025	9,995
Fund Balance, June 30, 2011	$ 641,608	$ 195,015	$ 195,015	$ 446,593

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, 2011

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 997,929	$ 1,028,535	$ 1,028,535	$ (30,606)
Other Local Revenues	180,644	177,220	177,220	3,424
Other Governments and Citizens Groups	185,773	185,773	185,773	0
Total Revenues	$ 1,364,346	$ 1,391,528	$ 1,391,528	$ (27,182)
Expenditures				
Principal on Debt				
Education	$ 938,390	$ 938,447	$ 938,447	$ 57
Interest on Debt				
Education	411,175	513,913	513,913	102,738
Other Debt Service				
Education	30,371	40,000	40,000	9,629
Total Expenditures	$ 1,379,936	$ 1,492,360	$ 1,492,360	$ 112,424
Excess (Deficiency) of Revenues Over Expenditures	$ (15,590)	$ (100,832)	$ (100,832)	$ 85,242
Net Change in Fund Balance	$ (15,590)	$ (100,832)	$ (100,832)	$ 85,242
Fund Balance, July 1, 2010	441,254	434,946	434,946	6,308
Fund Balance, June 30, 2011	$ 425,664	$ 334,114	$ 334,114	$ 91,550

Fiduciary Funds

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

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

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

City School ADA - Oneida Fund – The City School ADA - Oneida Fund is used to account for the city school system's share of education revenues collected by the county that must be apportioned between the various school systems on an average daily attendance basis. These 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, 2011

	Agency Funds					
	Cities - Sales Tax	Special School District	City School ADA - Oneida	Constitu-tional Officers - Agency	Judicial District Drug	Total
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 369,929	$ 0	$ 369,929
Equity in Pooled Cash and Investments	0	3,120	55,259	0	320,123	378,502
Accounts Receivable	0	0	0	2,243	2,397	4,640
Due from Other Governments	237,143	0	88,681	0	42,167	367,991
Property Taxes Receivable	0	484,072	882,788	0	0	1,366,860
Allowance for Uncollectible Property Taxes	0	(31,052)	(57,242)	0	0	(88,294)
Total Assets	$ 237,143	$ 456,140	$ 969,486	$ 372,172	$ 364,687	$ 2,399,628
LIABILITIES						
Accounts Payable	$ 0	$ 0	$ 0	$ 0	$ 6,322	$ 6,322
Due to Other Taxing Units	237,143	456,140	969,486	0	0	1,662,769
Due to Litigants, Heirs, and Others	0	0	0	372,172	0	372,172
Due to Joint Venture	0	0	0	0	358,365	358,365
Total Liabilities	$ 237,143	$ 456,140	$ 969,486	$ 372,172	$ 364,687	$ 2,399,628

Exhibit I-2

Scott County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 1,383,681	$ 1,383,681	$ 0
Due from Other Governments	242,096	237,143	242,096	237,143
Total Assets	$ 242,096	$ 1,620,824	$ 1,625,777	$ 237,143
Liabilities				
Due to Other Taxing Units	$ 242,096	$ 1,620,824	$ 1,625,777	$ 237,143
Total Liabilities	$ 242,096	$ 1,620,824	$ 1,625,777	$ 237,143
Special School District				
Assets				
Equity in Pooled Cash and Investments	$ 3,349	$ 401,728	$ 401,957	$ 3,120
Property Taxes Receivable	492,264	484,072	492,264	484,072
Allowance for Uncollectible Taxes	(32,061)	(31,052)	(32,061)	(31,052)
Total Assets	$ 463,552	$ 854,748	$ 862,160	$ 456,140
Liabilities				
Due to Other Taxing Units	$ 463,552	$ 854,748	$ 862,160	$ 456,140
Total Liabilities	$ 463,552	$ 854,748	$ 862,160	$ 456,140
City School ADA - Oneida Fund				
Assets				
Equity in Pooled Cash and Investments	$ 51,177	$ 1,326,091	$ 1,322,009	$ 55,259
Due from Other Governments	93,483	88,681	93,483	88,681
Property Taxes Receivable	881,071	882,788	881,071	882,788
Allowance for Uncollectible Taxes	(58,117)	(57,242)	(58,117)	(57,242)
Total Assets	$ 967,614	$ 2,240,318	$ 2,238,446	$ 969,486
Liabilities				
Due to Other Taxing Units	$ 967,614	$ 2,240,318	$ 2,238,446	$ 969,486
Total Liabilities	$ 967,614	$ 2,240,318	$ 2,238,446	$ 969,486

(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
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 663,915	$ 3,432,716	$ 3,726,702	$ 369,929
Accounts Receivable	0	2,243	0	2,243
Total Assets	$ 663,915	$ 3,434,959	$ 3,726,702	$ 372,172
Liabilities				
Due to Litigants, Heirs, and Others	$ 663,915	$ 3,434,959	$ 3,726,702	$ 372,172
Total Liabilities	$ 663,915	$ 3,434,959	$ 3,726,702	$ 372,172
Judicial District Drug				
Assets				
Equity in Pooled Cash and Investments	$ 87,613	$ 595,071	$ 362,561	$ 320,123
Accounts Receivable	3,090	2,397	3,090	2,397
Due from Other Governments	18,893	42,167	18,893	42,167
Total Assets	$ 109,596	$ 639,635	$ 384,544	$ 364,687
Liabilities				
Accounts Payable	$ 80	$ 6,322	$ 80	$ 6,322
Payroll Deductions Payable	114	0	114	0
Due to Joint Venture	109,402	633,313	384,350	358,365
Total Liabilities	$ 109,596	$ 639,635	$ 384,544	$ 364,687
Totals - All Agency Funds				
Assets				
Cash	$ 663,915	$ 3,432,716	$ 3,726,702	$ 369,929
Equity in Pooled Cash and Investments	142,139	3,706,571	3,470,208	378,502
Account Receivables	3,090	4,640	3,090	4,640
Due from Other Governments	354,472	367,991	354,472	367,991
Property Taxes Receivable	1,373,335	1,366,860	1,373,335	1,366,860
Allowance for Uncollectible Taxes	(90,178)	(88,294)	(90,178)	(88,294)
Total Assets	$ 2,446,773	$ 8,790,484	$ 8,837,629	$ 2,399,628
Liabilities				
Accounts Payable	$ 80	$ 6,322	$ 80	$ 6,322
Payroll Deductions Payable	114	0	114	0
Due to Other Taxing Units	1,673,262	4,715,890	4,726,383	1,662,769
Due to Litigants, Heirs, and Others	663,915	3,434,959	3,726,702	372,172
Due to Joint Venture	109,402	633,313	384,350	358,365
Total Liabilities	$ 2,446,773	$ 8,790,484	$ 8,837,629	$ 2,399,628

Scott County School Department

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

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

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

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

Exhibit J-1

Scott County, Tennessee
Statement of Activities
Discretely Presented Scott County School Department
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:					
Instruction	$ 14,256,379	$ 32,876	$ 2,429,321	$ 0	$ (11,794,182)
Support Services	7,651,203	0	319,676	2,370,780	(4,960,747)
Operation of Non-Instructional Services	2,564,384	270,032	2,522,300	0	227,948
Interest on Long-term Debt	110,907	0	0	0	(110,907)
Other Debt Service	185,773	0	0	0	(185,773)
Total Governmental Activities	$ 24,768,646	$ 302,908	$ 5,271,297	$ 2,370,780	$ (16,823,661)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					$ 1,892,738
Local Option Sales Taxes					1,220,953
Other Local Taxes					1,037
Grants and Contributions Not Restricted to Specific Programs					16,030,702
Unrestricted Investment Income					227
Miscellaneous					10,542
Total General Revenues					$ 19,156,199
Change in Net Assets					$ 2,332,538
Net Assets, July 1, 2010					20,232,834
Net Assets, June 30, 2011					$ 22,565,372

Exhibit J-2

Scott County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Scott County School Department
June 30, 2011

	Major Funds		Nonmajor Fund	Total
	General Purpose School	School Federal Projects	Central Cafeteria Fund	Govern-mental Funds
ASSETS				
Cash	$ 0	$ 0	$ 35,545	$ 35,545
Equity in Pooled Cash and Investments	4,928,032	344,668	754,742	6,027,442
Accounts Receivable	1,325	0	285	1,610
Due from Other Governments	781,106	283,852	44,295	1,109,253
Due from Other Funds	784	0	0	784
Property Taxes Receivable	2,090,565	0	0	2,090,565
Allowance for Uncollectible Property Taxes	(135,558)	0	0	(135,558)
Total Assets	$ 7,666,254	$ 628,520	$ 834,867	$ 9,129,641
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 383,167	$ 11,838	$ 0	$ 395,005
Accrued Payroll	1,979,157	397,207	91,939	2,468,303
Payroll Deductions Payable	48,612	0	0	48,612
Due to Other Funds	0	784	0	784
Due to State of Tennessee	3,748	857	801	5,406
Other Current Liabilities	215,944	36,088	3,207	255,239
Deferred Revenue - Current Property Taxes	1,844,154	0	0	1,844,154
Deferred Revenue - Delinquent Property Taxes	104,284	0	0	104,284
Other Deferred Revenues	130,551	0	0	130,551
Total Liabilities	$ 4,709,617	$ 446,774	$ 95,947	$ 5,252,338
Fund Balances				
Restricted:				
Restricted for Education	$ 257,726	$ 81,746	$ 738,920	$ 1,078,392
Committed:				
Committed for Education	19,976	100,000	0	119,976
Assigned:				
Assigned for Education	408,902	0	0	408,902
Unassigned	2,270,033	0	0	2,270,033
Total Fund Balances	$ 2,956,637	$ 181,746	$ 738,920	$ 3,877,303
Total Liabilities and Fund Balances	$ 7,666,254	$ 628,520	$ 834,867	$ 9,129,641

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, 2011

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)		$ 3,877,303
(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: building and improvements net of accumulated depreciation	20,354,873	
Add: other capital assets net of accumulated depreciation	1,191,668	22,457,102
(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	$ (2,370,357)	
Less: other postemployment benefits liability	(1,633,511)	(4,003,868)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		234,835
Net assets of governmental activities (Exhibit A)		$ 22,565,372

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, 2011

	Major Funds		Nonmajor Fund	
	General Purpose School	School Federal Projects	Central Cafeteria Fund	Total Governmental Funds
Revenues				
Local Taxes	$ 3,126,729	$ 0	$ 0	$ 3,126,729
Licenses and Permits	651	0	0	651
Charges for Current Services	32,876	0	270,032	302,908
Other Local Revenues	52,153	50	1,342	53,545
State of Tennessee	16,024,714	0	15,998	16,040,712
Federal Government	66,640	3,621,489	1,510,457	5,198,586
Other Governments and Citizens Groups	18,000	0	0	18,000
Total Revenues	$ 19,321,763	$ 3,621,539	$ 1,797,829	$ 24,741,131
Expenditures				
Current:				
Instruction	$ 11,023,933	$ 2,830,648	$ 0	$ 13,854,581
Support Services	5,839,257	742,143	0	6,581,400
Operation of Non-Instructional Services	1,008,024	0	1,568,424	2,576,448
Capital Outlay	245,546	0	0	245,546
Debt Service:				
Principal on Debt	54,322	0	0	54,322
Interest on Debt	110,907	0	0	110,907
Other Debt Service	185,773	0	0	185,773
Total Expenditures	$ 18,467,762	$ 3,572,791	$ 1,568,424	$ 23,608,977
Excess (Deficiency) of Revenues Over Expenditures	$ 854,001	$ 48,748	$ 229,405	$ 1,132,154
Other Financing Sources (Uses)				
Transfers In	$ 23,800	$ 0	$ 0	$ 23,800
Transfers Out	0	(23,800)	0	(23,800)
Total Other Financing Sources (Uses)	$ 23,800	$ (23,800)	$ 0	$ 0
Net Change in Fund Balances	$ 877,801	$ 24,948	$ 229,405	$ 1,132,154
Fund Balance, July 1, 2010	2,078,836	156,798	509,515	2,745,149
Fund Balance, June 30, 2011	$ 2,956,637	$ 181,746	$ 738,920	$ 3,877,303

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, 2011

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)		$ 1,132,154
(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	$ 176,466	
Less: current-year depreciation expense	(1,015,651)	(839,185)
(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		2,352,781
(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, 2011	$ 234,835	
Less: deferred delinquent property taxes and other deferred June 30, 2010	(227,562)	7,273
(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		54,322
(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		(374,807)
Change in net assets of governmental activities (Exhibit B)		$ 2,332,538

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 3,126,729	$ 0	$ 0	$ 3,126,729	$ 3,229,780	$ 3,229,780	$ (103,051)
Licenses and Permits	651	0	0	651	500	500	151
Charges for Current Services	32,876	0	0	32,876	42,000	42,000	(9,124)
Other Local Revenues	52,153	0	0	52,153	0	46,264	5,889
State of Tennessee	16,024,714	0	0	16,024,714	15,410,398	15,922,802	101,912
Federal Government	66,640	0	0	66,640	50,037	106,573	(39,933)
Other Governments and Citizens Groups	18,000	0	0	18,000	0	18,000	0
Total Revenues	$ 19,321,763	$ 0	$ 0	$ 19,321,763	$ 18,732,715	$ 19,365,919	$ (44,156)
Expenditures							
Instruction							
Regular Instruction Program	$ 9,222,592	$ (23,705)	$ 0	$ 9,198,887	$ 9,512,413	$ 9,859,810	$ 660,923
Alternative Instruction Program	70,464	0	0	70,464	76,504	76,504	6,040
Special Education Program	1,190,429	(7,571)	13,873	1,196,731	1,191,037	1,194,565	(2,166)
Vocational Education Program	540,448	0	0	540,448	624,770	624,770	84,322
Support Services							
Attendance	75,542	0	0	75,542	84,465	84,465	8,923
Health Services	246,399	(1,458)	0	244,941	144,452	259,856	14,915
Other Student Support	356,459	0	0	356,459	357,304	357,304	845
Regular Instruction Program	572,150	0	0	572,150	673,708	675,199	103,049
Special Education Program	200,820	0	0	200,820	205,140	205,140	4,320
Other Programs	76,961	0	0	76,961	0	76,961	0
Board of Education	382,609	0	0	382,609	403,207	404,568	21,959
Director of Schools	277,202	0	0	277,202	267,107	270,820	(6,382)
Office of the Principal	817,790	0	0	817,790	798,362	861,873	44,083
Operation of Plant	1,416,556	0	0	1,416,556	1,429,114	1,479,114	62,558
Maintenance of Plant	205,943	0	1,141	207,084	204,410	210,328	3,244

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Transportation	$ 999,802	$ 0	$ 0	$ 999,802	$ 1,076,613	$ 1,096,013	$ 96,211
Central and Other	211,024	0	0	211,024	220,291	220,291	9,267
Operation of Non-Instructional Services							
Community Services	84,440	(3,858)	4,105	84,687	50,000	83,300	(1,387)
Early Childhood Education	923,584	(400)	30,534	953,718	1,023,727	1,029,263	75,545
Capital Outlay							
Regular Capital Outlay	245,546	(21,920)	857	224,483	71,695	287,461	62,978
Principal on Debt							
Education	54,322	0	0	54,322	54,322	54,322	0
Interest on Debt							
Education	110,907	0	0	110,907	110,907	110,907	0
Other Debt Service							
Education	185,773	0	0	185,773	185,773	185,773	0
Total Expenditures	$ 18,467,762	$ (58,912)	$ 50,510	$ 18,459,360	$ 18,765,321	$ 19,708,607	$ 1,249,247
Excess (Deficiency) of Revenues Over Expenditures	$ 854,001	$ 58,912	$ (50,510)	$ 862,403	$ (32,606)	$ (342,688)	$ 1,205,091
Other Financing Sources (Uses)							
Transfers In	$ 23,800	$ 0	$ 0	$ 23,800	$ 22,400	$ 22,400	$ 1,400
Total Other Financing Sources (Uses)	$ 23,800	$ 0	$ 0	$ 23,800	$ 22,400	$ 22,400	$ 1,400
Net Change in Fund Balance	$ 877,801	$ 58,912	$ (50,510)	$ 886,203	$ (10,206)	$ (320,288)	$ 1,206,491
Fund Balance, July 1, 2010	2,078,836	(58,912)	0	2,019,924	1,625,934	1,625,934	393,990
Fund Balance, June 30, 2011	$ 2,956,637	$ 0	$ (50,510)	$ 2,906,127	$ 1,615,728	$ 1,305,646	$ 1,600,481

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Other Local Revenues	$ 50	$ 0	$ 50	$ 0	$ 0	$ 50
Federal Government	3,621,489	0	3,621,489	3,039,425	4,210,687	(589,198)
Total Revenues	$ 3,621,539	$ 0	$ 3,621,539	$ 3,039,425	$ 4,210,687	$ (589,148)
Expenditures						
Instruction						
Regular Instruction Program	$ 1,992,587	$ 0	$ 1,992,587	$ 1,665,272	$ 2,263,133	$ 270,546
Special Education Program	779,608	0	779,608	891,556	993,027	213,419
Vocational Education Program	58,453	0	58,453	52,187	57,750	(703)
Support Services						
Other Student Support	44,024	0	44,024	54,050	47,984	3,960
Regular Instruction Program	521,619	0	521,619	284,397	730,819	209,200
Special Education Program	35,133	0	35,133	33,000	75,040	39,907
Vocational Education Program	1,153	0	1,153	3,100	1,153	0
Maintenance of Plant	16,619	0	16,619	0	16,756	137
Transportation	123,595	(91,252)	32,343	33,255	35,363	3,020
Total Expenditures	$ 3,572,791	$ (91,252)	$ 3,481,539	$ 3,016,817	$ 4,221,025	$ 739,486
Excess (Deficiency) of Revenues Over Expenditures	$ 48,748	$ 91,252	$ 140,000	$ 22,608	$ (10,338)	$ 150,338
Other Financing Sources (Uses)						
Transfers In	$ 0	$ 0	$ 0	$ 0	$ 28,842	$ (28,842)
Transfers Out	(23,800)	0	(23,800)	(22,608)	(27,806)	4,006
Total Other Financing Sources (Uses)	$ (23,800)	$ 0	$ (23,800)	$ (22,608)	$ 1,036	$ (24,836)
Net Change in Fund Balance	$ 24,948	$ 91,252	$ 116,200	$ 0	$ (9,302)	$ 125,502
Fund Balance, July 1, 2010	156,798	(91,252)	65,546	56,796	56,796	8,750
Fund Balance, June 30, 2011	$ 181,746	$ 0	$ 181,746	$ 56,796	$ 47,494	$ 134,252

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, 2011

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 270,032	$ 280,000	$ 280,000	$ (9,968)
Other Local Revenues	1,342	5,200	5,200	(3,858)
State of Tennessee	15,998	16,500	16,500	(502)
Federal Government	1,510,457	1,155,000	1,369,210	141,247
Total Revenues	$ 1,797,829	$ 1,456,700	$ 1,670,910	$ 126,919
Expenditures				
Operation of Non-Instructional Services				
Food Service	$ 1,568,424	$ 1,456,700	$ 1,770,910	$ 202,486
Total Expenditures	$ 1,568,424	$ 1,456,700	$ 1,770,910	$ 202,486
Excess (Deficiency) of Revenues Over Expenditures	$ 229,405	$ 0	$ (100,000)	$ 329,405
Net Change in Fund Balance	$ 229,405	$ 0	$ (100,000)	$ 329,405
Fund Balance, July 1, 2010	509,515	507,117	507,117	2,398
Fund Balance, June 30, 2011	$ 738,920	$ 507,117	$ 407,117	$ 331,803

MISCELLANEOUS SCHEDULES

Exhibit K-1

Scott County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
Primary Government and Discretely Presented Scott County School Department
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Paid and/or Matured During Period	Outstanding 6-30-11
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
NOTES PAYABLE							
Payable through Highway/Public Works Fund							
Equipment	$ 301,812	3.7 %	5-20-03	5-20-15	$ 125,755	$ 25,151	$ 100,604
Equipment	136,500	3.5	5-21-03	5-21-12	30,332	15,166	15,166
Bridge Replacement/Equipment	300,000	4.99	8-30-05	6-30-17	175,000	25,000	150,000
Road Resurface/Guardrails	300,000	4.77	9-15-06	9-15-13	133,667	33,333	100,334
Road Resurface	300,000	3.98	12-5-07	12-1-16	233,332	33,334	199,998
Asphalt	200,000	3.33	1-9-09	1-10-12	166,667	33,334	133,333
Road Resurface	600,000	3.57	8-31-09	8-28-12	600,000	66,667	533,333
Total Payable through Highway/Public Works Fund					$ 1,464,753	$ 231,985	$ 1,232,768
Payable through General Debt Service Fund							
Public Works (Waterlines)	250,000	2.7	5-20-03	5-20-15	$ 104,167	$ 20,834	$ 83,333
Various Projects	230,000	3.57	6-3-04	12-30-12	76,000	25,666	50,334
Various Projects	300,000	4.6	5-31-05	5-31-14 (1)	133,330	33,334	99,996
Airport Improvements	125,000	4.74	11-30-05	11-30-17	83,332	10,417	72,915
Bleachers/Other School Projects	325,000	5	5-17-06	5-30-18	216,667	27,084	189,583
Scott High Gym and Oneida High Bus	149,500	3.59	4-4-07	4-4-13	99,667	16,611	83,056
Vehicles, Equipment, Guard Rails	169,191	3.59	6-19-07	4-4-13	112,794	18,799	93,995
Highway Equipment	212,300	4.9	6-19-07	6-19-19	159,224	17,692	141,532
Police Vehicles and Equipment	106,618	3.26	9-25-08	9-25-11	85,294	21,324	63,970
Aviation Projects	434,103	3.596	2-9-10	2-5-13	434,103	36,175	397,928
Public Works (Mowing Tractors)	54,957	3.85	6-4-10	6-4-13	54,957	18,319	36,638
Total Payable through General Debt Service Fund					$ 1,559,535	$ 246,255	$ 1,313,280
Payable through Solid Waste/Sanitation Fund							
Solid Waste Disposal	70,000	3.57	6-3-04	12-30-12	$ 23,998	$ 7,667	$ 16,331
Total Payable through Solid Waste/Sanitation Fund					$ 23,998	$ 7,667	$ 16,331

(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 7-1-10	Paid and/or Matured During Period	Outstanding 6-30-11
PRIMARY GOVERNMENT (CONT.)							
GOVERNMENTAL ACTIVITIES (CONT.)							
NOTES PAYABLE (CONT.)							
Payable through Rural Debt Service Fund							
Transportation Equipment	$ 355,601	3.95 %	2-6-04	12-30-13	$ 142,240	$ 35,560	$ 106,680
Transportation Equipment	471,760	4.05	8-29-05	8-29-14	260,156	47,933	212,223
Winfield Construction Project	388,182	4.99	8-24-05	6-24-17	226,440	32,349	194,091
Winfield Construction Project	278,277	4.74	11-30-05	11-30-17	185,517	23,190	162,327
Scott High Construction Projects	190,579	4.9	6-19-07	12-4-15	127,053	21,175	105,878
Transportation Equipment	518,096	4.88	8-28-06	8-28-18	388,571	43,175	345,396
Huntsville Elementary and Technology Center Roof Projects	245,570	3.72	6-2-08	6-2-17	190,998	27,286	163,712
Total Payable through Rural Debt Service Fund					$ 1,520,975	$ 230,668	$ 1,290,307
Total Notes Payable					$ 4,569,261	$ 716,575	$ 3,852,686
OTHER LOANS PAYABLE							
Public Building Authority Loan Agreement							
Payable through General Debt Service Fund							
Building and Equipment	1,000,000	Varies	3-1-1995	5-25-21	$ 589,400	$ 41,500	$ 547,900
Justice Center	(2)	Varies	2-27-07	5-25-34	8,749,490	198,000	8,551,490
School Renovations and Improvements	13,940,000	Varies	12-15-09	5-25-35	13,940,000	292,000	13,648,000
Total Payable through General Debt Service Fund					$ 23,278,890	$ 531,500	$ 22,747,390
Payable through Rural Debt Service Fund							
Various Schools Projects	3,000,000	Varies	10-2-03	5-25-23	$ 2,237,000	$ 142,000	$ 2,095,000
Total Payable through Rural Debt Service Fund					$ 2,237,000	$ 142,000	$ 2,095,000
Total Other Loans Payable					$ 25,515,890	$ 673,500	$ 24,842,390

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Paid and/or Matured During Period	Outstanding 6-30-11
PRIMARY GOVERNMENT (CONT.)							
GOVERNMENTAL ACTIVITIES (CONT.)							
BONDS PAYABLE							
Payable through General Debt Service Fund							
General Obligation Bonds	$ 500,000	5 %	11-1-1979	1-1-17	$ 170,000	$ 21,000	$ 149,000
Refunding	3,093,784	1.1 to 3.55	10-21-03	6-1-15	595,035	174,278	420,757
General Obligation Bonds, Series 2004	650,000	4 to 4.7	12-30-04	5-1-35	585,000	15,000	570,000
General Obligation Bonds, Series 2008	1,250,000	3 to 4.5	2-14-08	6-1-28	1,200,000	25,000	1,175,000
Total Payable through General Debt Service Fund					$ 2,550,035	$ 235,278	$ 2,314,757
Payable through Rural Debt Service Fund							
Refunding	6,630,000	3.65 to 4.5	11-1-1998	4-1-14	$ 2,330,000	$ 545,000	$ 1,785,000
Refunding	413,851	1.1 to 3.3	10-21-03	6-1-13	54,965	20,722	34,243
Refunding	4,570,000	3.75 to 4.5	12-30-04	5-1-29	4,570,000	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	805,000
Total Payable through Rural Debt Service Fund					$ 7,759,965	$ 565,722	$ 7,194,243
Total Bonds Payable					$ 10,310,000	$ 801,000	$ 9,509,000

(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 7-1-10	Paid and/or Matured During Period	Outstanding 6-30-11
PRIMARY GOVERNMENT (CONT.)							
BUSINESS-TYPE ACTIVITIES							
BONDS PAYABLE							
Payable through Public Utility Fund							
Revenue and Tax Bonds	$ 255,000	4.25 %	9-28-07	8-31-45	$ 247,050	$ 3,120	$ 243,930
General Obligation Bonds - Refunding	490,000	1.1 to 4.7	10-21-03	6-1-27	420,000	15,000	405,000
Total Bonds Payable					$ 667,050	$ 18,120	$ 648,930
DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT							
CAPITAL LEASES PAYABLE							
Payable through General Purpose School Fund							
Energy Efficiency Upgrades	2,499,652	4.62	5-15-08	5-15-27	$ 2,424,679	$ 54,322	$ 2,370,357
Total Capital Leases					$ 2,424,679	$ 54,322	$ 2,370,357

(1) This note had an original maturity date of May 31, 2011, but the county refinanced it during the current year to extend the maturity date until May 31, 2014.
(2) 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, 2011.

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	Notes Interest	Notes Total
2012	$ 861,217	155,152	$ 1,016,369
2013	1,482,560	114,172	1,596,732
2014	463,299	65,279	528,578
2015	362,982	45,952	408,934
2016	260,701	29,662	290,363
2017	239,515	17,847	257,362
2018	121,550	7,193	128,743
2019	60,862	1,920	62,782
Total	$ 3,852,686	$ 437,177	$ 4,289,863

Year Ending June 30	Other Loans Principal	Other Loans Interest	Other Loans Other Fees	Other Loans Total
2012	$ 704,600	$ 21,677	$ 199,051	$ 925,328
2013	736,700	21,048	193,626	951,374
2014	771,000	20,390	187,951	979,341
2015	807,400	19,701	182,009	1,009,110
2016	845,000	18,979	175,783	1,039,762
2017	883,600	18,223	169,262	1,071,085
2018	924,400	17,433	162,441	1,104,274
2019	967,300	16,605	155,298	1,139,203
2020	1,013,400	15,739	147,820	1,176,959
2021	1,059,500	14,832	139,982	1,214,314
2022	1,038,000	13,883	131,779	1,183,662
2023	1,087,000	13,002	123,731	1,223,733
2024	925,000	12,080	115,299	1,052,379
2025	970,000	11,285	107,806	1,089,091

(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	$ 10,451	$ 99,948	$ 1,129,399
2027	1,071,000	9,575	91,694	1,172,269
2028	1,123,000	8,655	83,019	1,214,674
2029	1,180,000	7,689	73,922	1,261,611
2030	1,239,000	6,675	64,363	1,310,038
2031	1,301,000	5,610	54,328	1,360,938
2032	1,366,000	4,492	43,789	1,414,281
2033	1,434,000	3,318	32,723	1,470,041
2034	1,434,490	2,085	21,108	1,457,683
2035	942,000	848	9,302	952,150
Total	$ 24,842,390	$ 294,275	$ 2,766,034	$ 27,902,699

Year Ending June 30	Bonds Principal	Interest	Total
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	$ 9,509,000	$ 4,251,113	$ 13,760,113

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Bonds Principal	Interest	Total
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	$ 648,930	$ 390,329	$ 1,039,259

DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases Principal	Interest	Total
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	$ 2,370,357	$ 1,096,814	$ 3,467,171

Exhibit K-3

Scott County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Scott County School Department
For the Year Ended June 30, 2011

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
General	Other Capital Projects	Capital projects	$ 15,810
Ambulance	General	Operations	400,000
Highway/Public Works	General Debt Service	Debt retirement	12,745
General Debt Service	Public Utility	Debt retirement	32,625
Total Transfers Primary Government			$ 461,180
DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	$ 23,800
Total Transfers Discretely Presented Scott County School Department			$ 23,800

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, 2011

Official	Authorization of Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Rick Keeton (7-1-10 through 8-31-10)	Section 8-24-102, *TCA*	$ 11,117	$ 50,000	RLI Insurance Company
Jeff Tibbals (9-1-10 through 6-30-11)	Section 8-24-102, *TCA*	55,585	50,000	"
Superintendent of Roads	Section 8-24-102, *TCA*	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	83,875 (1)	100,000	"
Trustee	Section 8-24-102, *TCA*	57,751	909,400	"
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* and Circuit Judge	57,751 (2)	50,000	"
Clerk and Master	Section 8-24-102, *TCA* and Chancery Court Judge	57,751 (3)	50,000	"
Register	Section 8-24-102, *TCA*	57,751	25,000	"
Sheriff:				
Bobby Ellis (7-1-10 through 8-31-10)	Section 8-24-102, *TCA*	10,588	50,000	"
Michael Cross (9-1-10 through 6-30-11)	Section 8-24-102, *TCA*	52,939 (4)	50,000	"
Director of Finance:				
Keith Jeffers (7-1-10 through 7-31-10)	Board of County Commissioners	6,773	50,000	"
Carol Lowe (8-1-10 through 6-30-11)	Board of County Commissioners	46,589	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) Includes a one-time bonus of $150, a chief executive officer supplement of $1,000, and $7,725 for accumulated unused sick days upon retirement.
(2) Does not include special commissioner fees of $4,750.
(3) Does not include special commissioner fees of $4,888.
(4) Does not includes a law enforcement training supplement of $600.

Exhibit K-5

Scott County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2011

		Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu-tional Officers - Fees	Highway / Public Works
Local Taxes							
County Property Taxes							
Current Property Tax	$ 1,596,228	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Discount on Property Taxes	(13,614)	0	0	0	0	0	0
Trustee's Collections - Prior Year	108,109	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	53,610	0	0	0	0	0	0
Interest and Penalty	19,565	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	22	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	180,690	0	0	0	0	0	0
County Local Option Taxes							
Local Option Sales Tax	272,168	0	0	0	0	0	0
Hotel/Motel Tax	45,918	0	0	0	0	0	0
Litigation Tax - General	33,836	0	0	0	0	0	0
Litigation Tax - Special Purpose	92,245	0	0	0	0	0	0
Business Tax	143,173	0	0	0	0	0	235
Statutory Local Taxes							
Bank Excise Tax	98,205	0	0	0	0	0	0
Wholesale Beer Tax	54,497	0	0	0	0	0	0
Interstate Telecommunications Tax	1,065	0	0	0	0	0	0
Total Local Taxes	$ 2,685,717	$ 0	$ 0	$ 0	$ 0	$ 0	$ 235
Licenses and Permits							
Licenses							
Marriage Licenses	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Cable TV Franchise	24,050	0	0	0	0	0	0
Permits							
Beer Permits	475	0	0	0	0	0	0
Total Licenses and Permits	$ 24,525	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Fines, Forfeitures, and Penalties							
Circuit Court							
Fines	$ 30,240	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit K-5

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

		Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu-tional Officers - Fees	Highway / Public Works
Fines, Forfeitures, and Penalties (Cont.)							
Circuit Court (Cont.)							
Officers Costs	$ 8,028	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Drug Control Fines	0	0	0	29,281	0	0	0
Data Entry Fee - Circuit Court	663	0	0	0	0	0	0
Criminal Court							
District Attorney General Fees	0	0	0	0	7,780	0	0
General Sessions Court							
Fines	70,059	0	0	0	0	0	0
Officers Costs	14,774	0	0	0	0	0	0
Game and Fish Fines	407	0	0	0	0	0	0
Drug Control Fines	0	0	0	9,599	0	0	0
Drug Court Fees	4,207	0	0	0	0	0	0
Jail Fees	2,187	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	84,886	0	0
Data Entry Fee - General Sessions Court	1,972	0	0	0	0	0	0
Chancery Court							
Officers Costs	2,699	0	0	0	0	0	0
Data Entry Fee - Chancery Court	1,186	0	0	0	0	0	0
Courtroom Security Fee	8	0	0	0	0	0	0
Other Fines, Forfeitures, and Penalties							
Other Fines, Forfeitures, and Penalties	0	0	0	16,069	581	0	0
Total Fines, Forfeitures, and Penalties	$ 136,430	$ 0	$ 0	$ 54,949	$ 93,247	$ 0	$ 0
Charges for Current Services							
General Service Charges							
Convenience Waste Centers Collection Charge	$ 0	$ 2,276	$ 0	$ 0	$ 0	$ 0	$ 0
Surcharge - Host Agency	0	156,488	0	0	0	0	0
Patient Charges	0	0	1,950,652	0	0	0	0
Other General Service Charges	6,758	0	0	0	0	0	0
Fees							
Airport Fees	298,910	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds					
		Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu-tional Officers - Fees	Highway / Public Works
Charges for Current Services (Cont.)							
Fees (Cont.)							
Constitutional Officers' Fees and Commissions	$ 0	$ 0	$ 0	$ 0	$ 0	$ 93	$ 0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	9,638	0
Probation Fees	28,296	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,450	0	0	0	0	0	0
Data Processing Fee - County Clerk	1,408	0	0	0	0	0	0
Total Charges for Current Services	$ 338,822	$ 158,764	$ 1,950,652	$ 0	$ 0	$ 9,731	$ 0
Other Local Revenues							
Recurring Items							
Investment Income	$ 117,016	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Lease/Rentals	111,723	0	0	0	0	0	0
Sale of Materials and Supplies	0	2,286	0	0	0	0	18,922
Commissary Sales	17,844	0	0	0	0	0	0
Sale of Maps	2,521	0	0	0	0	0	0
Sale of Recycled Materials	0	9,929	0	0	0	0	0
Miscellaneous Refunds	286,698	69	14,476	0	0	0	4,630
Nonrecurring Items							
Sale of Equipment	1,400	0	3,740	0	0	0	0
Sale of Property	300	0	0	0	0	0	0
Contributions and Gifts	10,821	0	0	6,500	0	0	0
Total Other Local Revenues	$ 548,323	$ 12,284	$ 18,216	$ 6,500	$ 0	$ 0	$ 23,552
Fees Received from County Officials							
Fees in-Lieu-of Salary							
County Clerk	$ 178,252	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Circuit Court Clerk	101,966	0	0	0	0	0	0
General Sessions Court Clerk	97,390	0	0	0	0	0	0
Clerk and Master	56,062	0	0	0	0	0	0
Register	87,678	0	0	0	0	0	0
Sheriff	8,145	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu-tional Officers - Fees	Highway / Public Works
Fees Received from County Officials (Cont.)							
Fees in-Lieu-of Salary (Cont.)							
Trustee	$ 288,122	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total Fees Received from County Officials	$ 817,615	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
State of Tennessee							
General Government Grants							
Juvenile Services Program	$ 9,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Solid Waste Grants	0	2,740	0	0	0	0	0
On-Behalf Contributions for OPEB	6,059	0	0	0	0	0	0
Public Safety Grants							
Law Enforcement Training Programs	10,200	0	0	0	0	0	0
Drug Control Grants	6,551	0	0	0	0	0	0
Public Works Grants							
Litter Program	0	22,328	0	0	0	0	0
Other State Revenues							
Income Tax	4,161	0	0	0	0	0	0
Beer Tax	18,724	0	0	0	0	0	0
Alcoholic Beverage Tax	47,579	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	530,567	0	0	0	0	0	0
Emergency Hospital - Prisoners	85,991	0	0	0	0	0	0
Contracted Prisoner Boarding	650,370	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,751,419
Petroleum Special Tax	0	0	0	0	0	0	16,967
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	219,624	0	0	0	0	0	0
Other State Revenues	84,119	0	0	0	0	0	87,840
Total State of Tennessee	$ 1,688,109	$ 25,068	$ 0	$ 0	$ 0	$ 0	$ 1,856,226
Federal Government							
Federal Through State							
Appalachian Regional Commission	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit K-5

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

		Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General	Constitu-tional Officers - Fees	Highway / Public Works
Federal Government (Cont.)							
Federal Through State (Cont.)							
Homeland Security Grants	$ 86,077	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
ARRA Grant No. 2	58,202	0	0	0	0	0	0
Other Federal through State	27,948	0	0	0	0	0	0
Direct Federal Revenue							
Energy Grant	12,432	0	0	0	0	0	0
ARRA Grant No. 6	55,890	0	0	0	0	0	0
Other Direct Federal Revenue	23,550	0	0	0	0	0	0
Total Federal Government	$ 264,099	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Governments and Citizens Groups							
Other Governments							
Prisoner Board	$ 4,055	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Contributions	500	0	1,000	0	0	0	0
Contracted Services	114,244	0	0	0	0	0	0
Citizens Groups							
Donations	100	0	0	0	0	0	0
Total Other Governments and Citizens Groups	$ 118,899	$ 0	$ 1,000	$ 0	$ 0	$ 0	$ 0
Total	$ 6,622,539	$ 196,116	$ 1,969,868	$ 61,449	$ 93,247	$ 9,731	$ 1,880,013

(Continued)

Exhibit K-5

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
Local Taxes						
County Property Taxes						
Current Property Tax	$ 1,650,606	$ 787,553	$ 0	$ 0	$ 0	$ 4,034,387
Discount on Property Taxes	(13,995)	(6,671)	0	0	0	(34,280)
Trustee's Collections - Prior Year	38,084	71,887	0	0	0	218,080
Circuit/Clerk & Master Collections - Prior Years	21,779	32,229	0	0	0	107,618
Interest and Penalty	8,643	12,918	0	0	0	41,126
Payments in-Lieu-of Taxes - T.V.A.	22	13	0	0	0	57
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	180,690
County Local Option Taxes						
Local Option Sales Tax	0	100,000	0	0	0	372,168
Hotel/Motel Tax	0	0	0	0	0	45,918
Litigation Tax - General	0	0	0	0	0	33,836
Litigation Tax - Special Purpose	0	0	0	0	0	92,245
Business Tax	0	0	0	0	0	143,408
Statutory Local Taxes						
Bank Excise Tax	0	0	0	0	0	98,205
Wholesale Beer Tax	0	0	0	0	0	54,497
Interstate Telecommunications Tax	0	0	0	0	0	1,065
Total Local Taxes	$ 1,705,139	$ 997,929	$ 0	$ 0	$ 0	$ 5,389,020
Licenses and Permits						
Licenses						
Marriage Licenses	$ 922	$ 0	$ 0	$ 0	$ 0	$ 922
Cable TV Franchise	0	0	0	0	0	24,050
Permits						
Beer Permits	0	0	0	0	0	475
Total Licenses and Permits	$ 922	$ 0	$ 0	$ 0	$ 0	$ 25,447
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 0	$ 0	$ 0	$ 0	$ 0	$ 30,240

(Continued)

Exhibit K-5

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
Fines, Forfeitures, and Penalties (Cont.)						
Circuit Court (Cont.)						
Officers Costs	$ 0	$ 0	$ 0	$ 0	$ 0	$ 8,028
Drug Control Fines	0	0	0	0	0	29,281
Data Entry Fee - Circuit Court	0	0	0	0	0	663
Criminal Court						
District Attorney General Fees	0	0	0	0	0	7,780
General Sessions Court						
Fines	0	0	0	0	0	70,059
Officers Costs	0	0	0	0	0	14,774
Game and Fish Fines	0	0	0	0	0	407
Drug Control Fines	0	0	0	0	0	9,599
Drug Court Fees	0	0	0	0	0	4,207
Jail Fees	0	0	0	0	0	2,187
District Attorney General Fees	0	0	0	0	0	84,886
Data Entry Fee - General Sessions Court	0	0	0	0	0	1,972
Chancery Court						
Officers Costs	0	0	0	0	0	2,699
Data Entry Fee - Chancery Court	0	0	0	0	0	1,186
Courtroom Security Fee	0	0	0	0	0	8
Other Fines, Forfeitures, and Penalties						
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	16,650
Total Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 0	$ 0	$ 284,626
Charges for Current Services						
General Service Charges						
Convenience Waste Centers Collection Charge	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,276
Surcharge - Host Agency	0	0	0	0	0	156,488
Patient Charges	0	0	0	0	0	1,950,652
Other General Service Charges	0	0	0	0	0	6,758
Fees						
Airport Fees	0	0	0	0	0	298,910

(Continued)

Exhibit K-5

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
Charges for Current Services (Cont.)						
Fees (Cont.)						
Constitutional Officers' Fees and Commissions	$ 0	$ 0	$ 0	$ 0	$ 0	$ 93
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	9,638
Probation Fees	0	0	0	0	0	28,296
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	3,450
Data Processing Fee - County Clerk	0	0	0	0	0	1,408
Total Charges for Current Services	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,457,969
Other Local Revenues						
Recurring Items						
Investment Income	$ 0	$ 180,644	$ 0	$ 16,071	$ 0	$ 313,731
Lease/Rentals	135,547	0	0	0	0	247,270
Sale of Materials and Supplies	0	0	0	0	0	21,208
Commissary Sales	0	0	0	0	0	17,844
Sale of Maps	0	0	0	0	0	2,521
Sale of Recycled Materials	0	0	0	0	0	9,929
Miscellaneous Refunds	0	0	0	0	0	305,873
Nonrecurring Items						
Sale of Equipment	0	0	0	0	0	5,140
Sale of Property	0	0	0	0	0	300
Contributions and Gifts	0	0	0	0	0	17,321
Total Other Local Revenues	$ 135,547	$ 180,644	$ 0	$ 16,071	$ 0	$ 941,137
Fees Received from County Officials						
Fees in-Lieu-of Salary						
County Clerk	$ 0	$ 0	$ 0	$ 0	$ 0	$ 178,252
Circuit Court Clerk	0	0	0	0	0	101,966
General Sessions Court Clerk	0	0	0	0	0	97,390
Clerk and Master	0	0	0	0	0	56,062
Register	0	0	0	0	0	87,678
Sheriff	0	0	0	0	0	8,145

(Continued)

Exhibit K-5

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
Fees Received from County Officials (Cont.)						
Fees in-Lieu-of Salary (Cont.)						
Trustee	$ 0	$ 0	$ 0	$ 0	$ 0	$ 288,122
Total Fees Received from County Officials	$ 0	$ 0	$ 0	$ 0	$ 0	$ 817,615
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,000
Solid Waste Grants	0	0	0	0	0	2,740
On-Behalf Contributions for OPEB	0	0	0	0	0	6,059
Public Safety Grants						
Law Enforcement Training Programs	0	0	0	0	0	10,200
Drug Control Grants	0	0	0	0	0	6,551
Public Works Grants						
Litter Program	0	0	0	0	0	22,328
Other State Revenues						
Income Tax	0	0	0	0	0	4,161
Beer Tax	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	47,579
State Revenue Sharing - T.V.A.	0	0	0	0	0	530,567
Emergency Hospital - Prisoners	0	0	0	0	0	85,991
Contracted Prisoner Boarding	0	0	0	0	0	650,370
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,751,419
Petroleum Special Tax	0	0	0	0	0	16,967
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	219,624
Other State Revenues	0	0	0	0	0	171,959
Total State of Tennessee	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,569,403
Federal Government						
Federal Through State						
Appalachian Regional Commission	$ 0	$ 0	$ 0	$ 0	$ 135,252	$ 135,252

(Continued)

Exhibit K-5

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

	Debt Service Funds		Capital Projects Funds			
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Other Capital Projects	Total
Federal Government (Cont.)						
Federal Through State (Cont.)						
Homeland Security Grants	$ 0	$ 0	$ 0	$ 0	$ 0	$ 86,077
ARRA Grant No. 2	0	0	0	0	0	58,202
Other Federal through State	0	0	150,000	0	0	177,948
Direct Federal Revenue						
Energy Grant	0	0	0	0	0	12,432
ARRA Grant No. 6	0	0	0	0	0	55,890
Other Direct Federal Revenue	0	0	0	0	0	23,550
Total Federal Government	$ 0	$ 0	$ 150,000	$ 0	$ 135,252	$ 549,351
Other Governments and Citizens Groups						
Other Governments						
Prisoner Board	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,055
Contributions	47,300	185,773	0	0	120,000	354,573
Contracted Services	0	0	0	0	0	114,244
Citizens Groups						
Donations	0	0	37,500	0	0	37,600
Total Other Governments and Citizens Groups	$ 47,300	$ 185,773	$ 37,500	$ 0	$ 120,000	$ 510,472
Total	$ 1,888,908	$ 1,364,346	$ 187,500	$ 16,071	$ 255,252	$ 14,545,040

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 1,709,146	$ 0	$ 0	$ 1,709,146
Discount on Property Taxes	(14,463)	0	0	(14,463)
Trustee's Collections - Prior Year	124,491	0	0	124,491
Circuit/Clerk & Master Collections - Prior Years	63,640	0	0	63,640
Interest and Penalty	21,902	0	0	21,902
Payments in-Lieu-of Taxes - T.V.A.	23	0	0	23
County Local Option Taxes				
Local Option Sales Tax	1,220,953	0	0	1,220,953
Statutory Local Taxes				
Interstate Telecommunications Tax	1,037	0	0	1,037
Total Local Taxes	$ 3,126,729	$ 0	$ 0	$ 3,126,729
Licenses and Permits				
Licenses				
Marriage Licenses	$ 651	$ 0	$ 0	$ 651
Total Licenses and Permits	$ 651	$ 0	$ 0	$ 651
Charges for Current Services				
Education Charges				
Lunch Payments - Children	$ 0	$ 0	$ 146,497	$ 146,497
Lunch Payments - Adults	0	0	36,830	36,830
Income from Breakfast	0	0	31,605	31,605
A la carte Sales	0	0	12,177	12,177
Other Charges for Services				
Other Charges for Services	32,876	0	42,923	75,799
Total Charges for Current Services	$ 32,876	$ 0	$ 270,032	$ 302,908
Other Local Revenues				
Recurring Items				
Investment Income	$ 227	$ 0	$ 1,150	$ 1,377
Refund of Telecommunication and Internet Fees (E-Rate)	41,626	0	0	41,626
Miscellaneous Refunds	10,083	50	192	10,325
Other Local Revenues				
Other Local Revenues	217	0	0	217
Total Other Local Revenues	$ 52,153	$ 50	$ 1,342	$ 53,545
State of Tennessee				
General Government Grants				
On-Behalf Contributions for OPEB	$ 76,961	$ 0	$ 0	$ 76,961
State Education Funds				
Basic Education Program	13,000,532	0	0	13,000,532
Basic Education Program - ARRA	1,518,821	0	0	1,518,821
Early Childhood Education	961,395	0	0	961,395
School Food Service	0	0	15,998	15,998
Driver Education	11,927	0	0	11,927
Other State Education Funds	4,464	0	0	4,464
Coordinated School Health - ARRA	91,313	0	0	91,313
Internet Connectivity - ARRA	8,332	0	0	8,332

(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
State of Tennessee (Cont.)				
State Education Funds (Cont.)				
Family Resource Centers - ARRA	$ 17,757	$ 0	$ 0	$ 17,757
Statewide Student Management System (SSMS) - ARRA	7,379	0	0	7,379
Career Ladder Program	99,176	0	0	99,176
Career Ladder - Extended Contract	1,167	0	0	1,167
Career Ladder - Extended Contract - ARRA	4,345	0	0	4,345
Other State Revenues				
State Revenue Sharing - T.V.A.	104,000	0	0	104,000
Other State Grants	99,645	0	0	99,645
Safe Schools - ARRA	17,500	0	0	17,500
Total State of Tennessee	$ 16,024,714	$ 0	$ 15,998	$ 16,040,712
Federal Government				
Federal Through State				
USDA School Lunch Program	$ 0	$ 0	$ 951,665	$ 951,665
USDA - Commodities	0	0	107,810	107,810
Breakfast	0	0	346,008	346,008
USDA - Other	0	0	104,974	104,974
Vocational Education - Basic Grants to States	0	69,187	0	69,187
Title I Grants to Local Education Agencies	0	1,363,302	0	1,363,302
Special Education - Grants to States	53,565	919,195	0	972,760
Special Education Preschool Grants	0	20,883	0	20,883
Rural Education	0	43,373	0	43,373
Eisenhower Professional Development State Grants	0	229,109	0	229,109
Race-to-the-Top - ARRA	0	224,895	0	224,895
Other Federal through State	0	751,545	0	751,545
Direct Federal Revenue				
ROTC Reimbursement	13,075	0	0	13,075
Total Federal Government	$ 66,640	$ 3,621,489	$ 1,510,457	$ 5,198,586
Other Governments and Citizens Groups				
Other Governments				
Contributions	$ 18,000	$ 0	$ 0	$ 18,000
Total Other Governments and Citizens Groups	$ 18,000	$ 0	$ 0	$ 18,000
Total	$ 19,321,763	$ 3,621,539	$ 1,797,829	$ 24,741,131

Exhibit K-7

Scott County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund				
General Government				
County Commission				
Board and Committee Members Fees	$	88,504		
Social Security		5,487		
State Retirement		2,333		
Employer Medicare		1,283		
Audit Services		6,338		
Contracts with Other Public Agencies		12,052		
Contributions		10,306		
Dues and Memberships		7,981		
Evaluation and Testing		3,969		
Travel		2,146		
Other Contracted Services		15,150		
Other Supplies and Materials		2,314		
Premiums on Corporate Surety Bonds		10,768		
Other Charges		2,336		
Total County Commission			$	170,967
County Mayor/Executive				
County Official/Administrative Officer	$	66,702		
Secretary(ies)		27,951		
Clerical Personnel		19,469		
Social Security		7,016		
State Retirement		7,920		
Employer Medicare		1,641		
Communication		15,391		
Data Processing Services		10,800		
Legal Notices, Recording, and Court Costs		6,953		
Printing, Stationery, and Forms		534		
Travel		2,800		
Other Contracted Services		13,013		
Office Supplies		6,036		
Other Charges		1,140		
Office Equipment		1,500		
Total County Mayor/Executive				188,866
County Attorney				
County Official/Administrative Officer	$	46,000		
Social Security		2,852		
State Retirement		3,192		
Employer Medicare		667		
Communication		1,319		

(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.)		
Other Supplies and Materials	$ 1,053	
Total County Attorney		$ 55,083
Election Commission		
County Official/Administrative Officer	$ 51,976	
Deputy(ies)	17,255	
Other Salaries and Wages	1,580	
Election Commission	17,700	
Election Workers	45,635	
Social Security	5,916	
State Retirement	4,522	
Employer Medicare	1,384	
Communication	3,346	
Contracts with Government Agencies	10,000	
Data Processing Services	11,248	
Dues and Memberships	575	
Legal Notices, Recording, and Court Costs	2,802	
Maintenance and Repair Services - Office Equipment	210	
Postal Charges	908	
Printing, Stationery, and Forms	4,017	
Travel	8,606	
Office Supplies	3,074	
Office Equipment	288	
Total Election Commission		191,042
Register of Deeds		
County Official/Administrative Officer	$ 57,751	
Deputy(ies)	25,986	
Part-time Personnel	14,922	
Other Salaries and Wages	6,525	
Social Security	6,180	
State Retirement	6,264	
Employer Medicare	1,445	
Communication	1,744	
Maintenance and Repair Services - Office Equipment	4,345	
Printing, Stationery, and Forms	6,200	
Other Contracted Services	2,155	
Office Supplies	3,585	
Office Equipment	6,501	
Total Register of Deeds		143,603

(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	$	3,669		
Clerical Personnel		1,820		
Other Salaries and Wages		17,099		
Social Security		2,427		
State Retirement		381		
Employer Medicare		568		
Postal Charges		100		
Travel		3,539		
Office Supplies		220		
Workers' Compensation Insurance		688		
Total Development			$	30,511
County Buildings				
Mechanic(s)	$	23,400		
Custodial Personnel		38,623		
Maintenance Personnel		21,320		
Overtime Pay		439		
Other Salaries and Wages		23,400		
Social Security		6,021		
State Retirement		7,438		
Employer Medicare		1,408		
Contracts with Government Agencies		3,173		
Maintenance and Repair Services - Buildings		46,781		
Maintenance and Repair Services - Office Equipment		2,784		
Maintenance and Repair Services - Vehicles		7,032		
Pest Control		3,319		
Other Contracted Services		9,903		
Custodial Supplies		11,078		
Electricity		164,269		
Gasoline		4,863		
Natural Gas		42,626		
Road Signs		5,252		
Water and Sewer		48,258		
Other Supplies and Materials		33,324		
Other Charges		4,800		
Total County Buildings				509,511
Finance				
Accounting and Budgeting				
Supervisor/Director	$	53,362		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Finance (Cont.)				
Accounting and Budgeting (Cont.)				
Data Processing Personnel	$	127,785		
Part-time Personnel		1,347		
Overtime Pay		352		
Social Security		10,384		
State Retirement		12,596		
Employer Medicare		2,429		
Communication		7,342		
Data Processing Services		2,225		
Travel		94		
Office Supplies		11,164		
Office Equipment		12,614		
Total Accounting and Budgeting			$	241,694
Property Assessor's Office				
County Official/Administrative Officer	$	57,751		
Assistant(s)		46,975		
Deputy(ies)		25,986		
Part-time Personnel		8,418		
Board and Committee Members Fees		3,700		
Social Security		8,468		
State Retirement		9,071		
Employer Medicare		1,980		
Communication		2,399		
Data Processing Services		10,726		
Dues and Memberships		1,173		
Maintenance and Repair Services - Vehicles		576		
Travel		2,130		
Other Contracted Services		15,300		
Office Supplies		2,903		
Other Supplies and Materials		729		
Total Property Assessor's Office				198,285
County Trustee's Office				
County Official/Administrative Officer	$	57,751		
Assistant(s)		7,635		
Deputy(ies)		25,986		
Other Salaries and Wages		23,987		
Social Security		6,523		
State Retirement		7,476		
Employer Medicare		1,526		

(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 (Cont.)				
Communication	$	1,636		
Contracts with Other Public Agencies		4,283		
Travel		1,502		
Office Supplies		1,359		
Total County Trustee's Office			$	139,664
County Clerk's Office				
County Official/Administrative Officer	$	57,751		
Assistant(s)		47,974		
Deputy(ies)		25,986		
Temporary Personnel		1,718		
Overtime Pay		8		
Other Salaries and Wages		22,749		
Social Security		9,181		
State Retirement		10,719		
Employer Medicare		2,147		
Communication		2,927		
Printing, Stationery, and Forms		1,801		
Other Contracted Services		8,807		
Office Supplies		3,137		
Office Equipment		2,850		
Total County Clerk's Office				197,755
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	57,751		
Assistant(s)		26,281		
Deputy(ies)		85,464		
Part-time Personnel		10,407		
Overtime Pay		1,641		
Jury and Witness Expense		5,700		
Social Security		10,907		
State Retirement		11,877		
Employer Medicare		2,551		
Communication		3,391		
Data Processing Services		9,652		
Printing, Stationery, and Forms		2,117		
Office Supplies		4,057		
Other Charges		1,318		
Total Circuit Court				233,114

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Administration of Justice (Cont.)				
General Sessions Court				
Judge(s)	$	97,879		
Assistant(s)		39,998		
Salary Supplements		9,350		
Secretary(ies)		19,760		
Part-time Personnel		17,883		
Board and Committee Members Fees		6,000		
Social Security		11,793		
State Retirement		12,005		
Employer Medicare		2,758		
Communication		3,683		
Contracts with Government Agencies		375		
Travel		1,607		
Other Contracted Services		1,200		
Office Supplies		558		
Other Supplies and Materials		18,956		
Total General Sessions Court			$	243,805
Chancery Court				
County Official/Administrative Officer	$	57,751		
Deputy(ies)		28,748		
Other Salaries and Wages		21,751		
Social Security		6,649		
State Retirement		7,512		
Employer Medicare		1,555		
Data Processing Services		464		
Printing, Stationery, and Forms		2,302		
Travel		174		
Office Supplies		1,306		
Total Chancery Court				128,212
District Attorney General				
Secretary(ies)	$	5,312		
Social Security		329		
Employer Medicare		77		
Other Contracted Services		800		
Other Supplies and Materials		14,087		
Other Charges		21,830		
Total District Attorney General				42,435

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Safety				
Sheriff's Department				
County Official/Administrative Officer	$	63,527		
Deputy(ies)		687,954		
Salary Supplements		10,200		
Secretary(ies)		39,562		
Overtime Pay		6,786		
Social Security		48,783		
State Retirement		54,016		
Employer Medicare		11,409		
Communication		39,123		
Dues and Memberships		1,500		
Licenses		66		
Maintenance and Repair Services - Vehicles		45,550		
Printing, Stationery, and Forms		75		
Tow-in Services		1,477		
Travel		9,273		
Tuition		21,990		
Other Contracted Services		12,728		
Data Processing Supplies		660		
Gasoline		109,355		
Law Enforcement Supplies		1,713		
Office Supplies		8,204		
Tires and Tubes		15,557		
Uniforms		5,009		
Other Supplies and Materials		11,916		
Liability Insurance		35,214		
Workers' Compensation Insurance		69,871		
Office Equipment		1,564		
Total Sheriff's Department			$	1,313,082
Administration of the Sexual Offender Registry				
Other Charges	$	1,765		
Office Equipment		698		
Total Administration of the Sexual Offender Registry				2,463
Jail				
Deputy(ies)	$	536,094		
Dispatchers/Radio Operators		206,818		
Social Security		44,941		
State Retirement		50,657		
Employer Medicare		10,510		

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Jail (Cont.)		
Medical and Dental Services	$ 285,111	
Travel	6,564	
Remittance of Revenue Collected	42,864	
Other Contracted Services	1,216	
Food Supplies	233,756	
Office Supplies	2,348	
Uniforms	46	
Other Supplies and Materials	51,351	
Office Equipment	1,000	
Total Jail		$ 1,473,276
Juvenile Services		
Deputy(ies)	$ 91,938	
Youth Service Officer(s)	28,360	
Part-time Personnel	50,005	
Social Security	10,454	
State Retirement	7,485	
Employer Medicare	2,445	
Communication	5,431	
Maintenance and Repair Services - Buildings	740	
Travel	97	
Other Contracted Services	2,710	
Electricity	1,520	
Food Supplies	7,903	
Gasoline	909	
Natural Gas	2,186	
Office Supplies	574	
Other Supplies and Materials	4,833	
Workers' Compensation Insurance	10,641	
Total Juvenile Services		228,231
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	1,506	
Employer Medicare	315	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Safety (Cont.)				
Civil Defense (Cont.)				
Communication	$	549		
Contracts with Government Agencies		20,283		
Travel		2,222		
Office Supplies		580		
Other Supplies and Materials		100		
Total Civil Defense			$	48,600
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	$	1,722		
State Retirement		1,430		
Employer Medicare		403		
Contributions		53,901		
Total Local Health Center				57,456
Other Local Health Services				
Medical Personnel	$	133,909		
Social Security		8,194		
State Retirement		8,133		
Medical Insurance		2,786		
Employer Medicare		1,916		
Travel		2,997		
Other Supplies and Materials		107		
Workers' Compensation Insurance		6,007		
Total Other Local Health Services				164,049
General Welfare Assistance				
Maintenance and Repair Services - Buildings	$	1,785		
Total General Welfare Assistance				1,785

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Other Local Welfare Services				
Pauper Burials	$	122		
Total Other Local Welfare Services			$	122
Social, Cultural, and Recreational Services				
Senior Citizens Assistance				
Deputy(ies)	$	30,384		
Social Security		1,799		
State Retirement		2,109		
Employer Medicare		421		
Communication		1,718		
Maintenance and Repair Services - Vehicles		3,928		
Travel		14,560		
Other Supplies and Materials		887		
Total Senior Citizens Assistance				55,806
Libraries				
Other Salaries and Wages	$	27,378		
Social Security		1,687		
Employer Medicare		395		
Communication		3,245		
Postal Charges		229		
Library Books/Media		8,519		
Office Supplies		1,430		
Periodicals		333		
Utilities		6,855		
Other Charges		449		
Total Libraries				50,520
Agriculture and Natural Resources				
Agriculture Extension Service				
Assistant(s)	$	6,380		
Supervisor/Director		9,102		
Secretary(ies)		7,192		
Social Security		1,406		
State Retirement		2,952		
Medical Insurance		329		
Communication		2,643		
Travel		1,495		
Total Agriculture Extension Service				31,499

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Other Operations				
Tourism				
Clerical Personnel	$	20,585		
Social Security		1,467		
State Retirement		1,434		
Employer Medicare		343		
Contributions		17,846		
Total Tourism			$	41,675
Other Economic and Community Development				
Supervisor/Director	$	14,560		
Other Salaries and Wages		21,476		
Social Security		2,108		
State Retirement		1,011		
Medical Insurance		2,063		
Employer Medicare		493		
Total Other Economic and Community Development				41,711
Airport				
Supervisor/Director	$	27,000		
Part-time Personnel		18,126		
Social Security		2,760		
State Retirement		1,874		
Employer Medicare		645		
Communication		3,130		
Maintenance and Repair Services - Equipment		1,765		
Maintenance and Repair Services - Vehicles		551		
Travel		3,283		
Other Contracted Services		12,532		
Diesel Fuel		164,404		
Electricity		18,034		
Gasoline		33,852		
Natural Gas		499		
Water and Sewer		748		
Other Supplies and Materials		20,626		
Liability Insurance		4,725		
Total Airport				314,554
Veterans' Services				
Supervisor/Director	$	31,000		
Social Security		1,922		
State Retirement		2,152		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Other Operations (Cont.)				
Veterans' Services (Cont.)				
Employer Medicare	$	450		
Travel		1,559		
Other Supplies and Materials		249		
Total Veterans' Services			$	37,332
Other Charges				
Other Salaries and Wages	$	68,674		
Social Security		5,054		
State Retirement		4,366		
Employer Medicare		1,182		
Travel		1,500		
Workers' Compensation Insurance		574		
Total Other Charges				81,350
Contributions to Other Agencies				
Contributions	$	116,392		
Total Contributions to Other Agencies				116,392
ARRA Grant No. 1				
Contracts with Government Agencies	$	98,426		
Total ARRA Grant No. 1				98,426
ARRA Grant No. 2				
Assistant(s)	$	24,000		
Social Security		1,488		
State Retirement		1,666		
Employer Medicare		348		
Contracts with Other Public Agencies		21,848		
Workers' Compensation Insurance		138		
Total ARRA Grant No. 2				49,488
Miscellaneous				
Medical Personnel	$	128,603		
Social Security		6,765		
State Retirement		8,925		
Life Insurance		4,186		
Medical Insurance		106,359		
Unemployment Compensation		126,171		
Employer Medicare		1,862		
On-Behalf Payments to OPEB		6,059		

(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	$ 2,550		
Postal Charges	29,774		
Judgments	155,790		
Liability Insurance	69,241		
Trustee's Commission	54,767		
Workers' Compensation Insurance	44,889		
Other Charges	146		
Total Miscellaneous		$ 746,087	
Highways			
Highway and Bridge Maintenance			
Transfers to Other Funds	$ 235		
Total Highway and Bridge Maintenance		235	
Total General Fund			$ 7,686,647
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Recycling Center			
Laborers	$ 58,949		
Social Security	3,523		
State Retirement	2,678		
Employer Medicare	824		
Communication	1,968		
Contributions	75		
Dues and Memberships	1,000		
Maintenance and Repair Services - Buildings	79		
Maintenance and Repair Services - Equipment	589		
Maintenance and Repair Services - Vehicles	1,075		
Other Contracted Services	13,167		
Diesel Fuel	2,333		
Electricity	5,671		
Equipment and Machinery Parts	447		
Gasoline	2,498		
Natural Gas	1,794		
Propane Gas	207		
Tires and Tubes	397		
Uniforms	1,932		
Water and Sewer	388		
Other Supplies and Materials	1,421		

(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.)			
Trustee's Commission	$ 1,753		
Vehicle and Equipment Insurance	2,497		
Workers' Compensation Insurance	5,112		
Total Recycling Center		$ 110,377	
Postclosure Care Costs			
Other Contracted Services	$ 11,700		
Total Postclosure Care Costs		11,700	
Highways			
Litter and Trash Collection			
Other Supplies and Materials	$ 12,508		
Total Litter and Trash Collection		12,508	
Principal on Debt			
General Government			
Principal on Notes	$ 7,667		
Total General Government		7,667	
Interest on Debt			
General Government			
Interest on Notes	$ 337		
Total General Government		337	
Total Solid Waste/Sanitation Fund			$ 142,589
Ambulance Service Fund			
Public Health and Welfare			
Ambulance/Emergency Medical Services			
Supervisor/Director	$ 42,435		
Deputy(ies)	69,104		
Data Processing Personnel	59,316		
Medical Personnel	727,325		
Part-time Personnel	6,231		
Overtime Pay	192,113		
Social Security	65,611		
State Retirement	62,711		
Life Insurance	1,293		
Medical Insurance	47,902		
Unemployment Compensation	2,594		

(Continued)

Exhibit K-7

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

Ambulance Service Fund (Cont.)			
Public Health and Welfare (Cont.)			
Ambulance/Emergency Medical Services (Cont.)			
Employer Medicare	$ 15,345		
Communication	11,087		
Contributions	700		
Dues and Memberships	430		
Licenses	2,500		
Maintenance and Repair Services - Buildings	3,354		
Maintenance and Repair Services - Vehicles	29,135		
Pest Control	291		
Postal Charges	44		
Tow-in Services	455		
Travel	4,100		
Tuition	10,019		
Disposal Fees	7,685		
Other Contracted Services	30,487		
Custodial Supplies	2,808		
Diesel Fuel	73,899		
Drugs and Medical Supplies	45,113		
Gasoline	1,605		
Natural Gas	3,723		
Office Supplies	5,711		
Propane Gas	7,924		
Tires and Tubes	4,815		
Uniforms	1,773		
Water and Sewer	627		
Other Supplies and Materials	349		
Refunds	20,514		
Trustee's Commission	20,765		
Vehicle and Equipment Insurance	21,018		
Workers' Compensation Insurance	110,259		
Other Charges	147		
Office Equipment	779		
Total Ambulance/Emergency Medical Services		$ 1,714,096	
Total Ambulance Service Fund			$ 1,714,096
Drug Control Fund			
Other Operations			
Miscellaneous			
Supervisor/Director	$ 6,563		
Social Security	380		

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)			
Other Operations (Cont.)			
Miscellaneous (Cont.)			
State Retirement	$ 456		
Employer Medicare	89		
Communication	261		
Confidential Drug Enforcement Payments	7,000		
Licenses	6		
Maintenance and Repair Services - Vehicles	200		
Veterinary Services	1,508		
Animal Food and Supplies	384		
Law Enforcement Supplies	486		
Other Supplies and Materials	42		
Trustee's Commission	487		
Other Charges	10,000		
Law Enforcement Equipment	864		
Motor Vehicles	24,522		
Total Miscellaneous		$ 53,248	
Total Drug Control Fund			$ 53,248
District Attorney General Fund			
Administration of Justice			
District Attorney General			
Secretary(ies)	$ 43,164		
Social Security	2,485		
State Retirement	6,054		
Employee and Dependent Insurance	13,703		
Life Insurance	118		
Employer Medicare	583		
Other Fringe Benefits	1,000		
Communication	8,549		
Dues and Memberships	190		
Printing, Stationery, and Forms	466		
Rentals	2,875		
Travel	13,913		
Other Contracted Services	8,782		
Electricity	585		
Office Supplies	4,269		
Other Supplies and Materials	76		
Trustee's Commission	977		
Workers' Compensation Insurance	132		
Office Equipment	1,289		
Total District Attorney General		$ 109,210	
Total District Attorney General Fund			109,210

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund			
Administration of Justice			
General Sessions Court Clerk			
Special Commissioner Fees/Special Master Fees	$ 4,750		
Total General Sessions Court Clerk		$ 4,750	
Chancery Court			
Special Commissioner Fees/Special Master Fees	$ 4,888		
Total Chancery Court		4,888	
Public Safety			
Sheriff's Department			
Bank Charges	$ 93		
Total Sheriff's Department		93	
Total Constitutional Officers - Fees Fund			$ 9,731
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 63,527		
Clerical Personnel	26,813		
Overtime Pay	13		
Social Security	5,180		
State Retirement	6,050		
Employer Medicare	1,211		
Dues and Memberships	2,759		
Postal Charges	44		
Printing, Stationery, and Forms	498		
Other Contracted Services	100		
Custodial Supplies	141		
Office Supplies	782		
Office Equipment	1,096		
Total Administration		$ 108,214	
Highway and Bridge Maintenance			
Supervisor/Director	$ 51,118		
Equipment Operators	32,034		
Truck Drivers	96,292		
Laborers	167,113		
Overtime Pay	22,628		
Social Security	21,835		
State Retirement	24,979		

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Highway and Bridge Maintenance (Cont.)		
Unemployment Compensation	$ 3,261	
Employer Medicare	5,109	
Other Contracted Services	41,118	
Asphalt - Cold Mix	166,519	
Asphalt - Hot Mix	298,154	
Concrete	808	
Crushed Stone	169,904	
Other Road Supplies	48,961	
Pipe - Metal	20,882	
Road Signs	64	
Wood Products	1,500	
Liability Claims	1,000	
Total Highway and Bridge Maintenance		$ 1,173,279
Operation and Maintenance of Equipment		
Foremen	$ 47,598	
Mechanic(s)	33,303	
Social Security	4,519	
State Retirement	5,638	
Unemployment Compensation	510	
Employer Medicare	1,055	
Maintenance and Repair Services - Equipment	8,030	
Tow-in Services	175	
Other Contracted Services	14,960	
Diesel Fuel	95,680	
Equipment and Machinery Parts	66,627	
Garage Supplies	1,928	
Gasoline	31,578	
Lubricants	5,628	
Propane Gas	2,896	
Small Tools	4,479	
Tires and Tubes	20,620	
Other Supplies and Materials	8,483	
Total Operation and Maintenance of Equipment		353,707
Other Charges		
Communication	$ 5,272	
Electricity	8,835	
Natural Gas	1,273	
Water and Sewer	677	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Other Charges (Cont.)			
Trustee's Commission	$ 18,803		
Vehicle and Equipment Insurance	29,320		
Other Charges	12,692		
Total Other Charges		$ 76,872	
Employee Benefits			
Employee and Dependent Insurance	$ 40,462		
Life Insurance	495		
Workers' Compensation Insurance	60,615		
Total Employee Benefits		101,572	
Capital Outlay			
Highway Equipment	$ 32,014		
Motor Vehicles	4,000		
Total Capital Outlay		36,014	
Principal on Debt			
Highways and Streets			
Principal on Notes	$ 231,985		
Total Highways and Streets		231,985	
Interest on Debt			
Highways and Streets			
Interest on Notes	$ 53,372		
Total Highways and Streets		53,372	
Total Highway/Public Works Fund			$ 2,135,015
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 235,278		
Principal on Notes	246,255		
Principal on Other Loans	531,500		
Total General Government		$ 1,013,033	
Interest on Debt			
General Government			
Interest on Bonds	$ 105,076		
Interest on Notes	60,967		

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)			
Interest on Debt (Cont.)			
General Government (Cont.)			
Interest on Other Loans	$ 98,007		
Total General Government		$ 264,050	
Other Debt Service			
General Government			
Trustee's Commission	$ 34,470		
Other Debt Service	157,887		
Total General Government		192,357	
Total General Debt Service Fund			$ 1,469,440
Rural Debt Service Fund			
Principal on Debt			
Education			
Principal on Bonds	$ 565,722		
Principal on Notes	230,668		
Principal on Other Loans	142,000		
Total Education		$ 938,390	
Interest on Debt			
Education			
Interest on Bonds	$ 337,708		
Interest on Notes	64,999		
Interest on Other Loans	8,468		
Total Education		411,175	
Other Debt Service			
Education			
Trustee's Commission	$ 18,641		
Other Debt Service	11,730		
Total Education		30,371	
Total Rural Debt Service Fund			1,379,936
General Capital Projects Fund			
Capital Projects			
Social, Cultural, and Recreation Projects			
Other Contracted Services	$ 187,500		
Total Social, Cultural, and Recreation Projects		$ 187,500	
Total General Capital Projects Fund			187,500

(Continued)

Exhibit K-7

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

Education Capital Projects Fund			
Capital Projects - Donated			
Capital Projects Donated to School Department			
Architects	$ 25,705		
Other Contracted Services	2,327,075		
Total Capital Projects Donated to School Department		$ 2,352,780	
Total Education Capital Projects Fund			$ 2,352,780
Other Capital Projects Fund			
Capital Projects			
Other General Government Projects			
Engineering Services	$ 13,974		
Highway Construction	121,006		
Other Construction	9,981		
Total Other General Government Projects		$ 144,961	
Highway and Street Capital Projects			
Highway Construction	$ 112,488		
Total Highway and Street Capital Projects		112,488	
Total Other Capital Projects Fund			257,449
Total Governmental Funds - Primary Government			$ 17,497,641

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, 2011

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 5,373,829	
Career Ladder Program	69,547	
Career Ladder Extended Contracts	29,486	
Homebound Teachers	56,206	
Educational Assistants	395,342	
Bonus Payments	70,650	
Other Salaries and Wages	156,185	
Certified Substitute Teachers	150,310	
Social Security	373,023	
State Retirement	550,864	
Life Insurance	6,575	
Medical Insurance	1,004,657	
Unemployment Compensation	11,042	
Employer Medicare	86,797	
Other Fringe Benefits	4,950	
Other Contracted Services	4,047	
Instructional Supplies and Materials	198,069	
Textbooks	295,820	
Other Supplies and Materials	2,776	
Refunds	31,721	
Other Charges	47,261	
Regular Instruction Equipment	303,435	
Total Regular Instruction Program		$ 9,222,592
Alternative Instruction Program		
Teachers	$ 43,235	
Educational Assistants	12,804	
Social Security	3,430	
State Retirement	5,887	
Medical Insurance	4,202	
Unemployment Compensation	104	
Employer Medicare	802	
Total Alternative Instruction Program		70,464
Special Education Program		
Teachers	$ 736,678	
Career Ladder Program	10,042	
Homebound Teachers	30,264	
Educational Assistants	122,415	

(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.)		
Bonus Payments	$ 750	
Certified Substitute Teachers	370	
Social Security	53,564	
State Retirement	75,203	
Medical Insurance	109,691	
Unemployment Compensation	1,643	
Employer Medicare	12,525	
Other Contracted Services	14,994	
Instructional Supplies and Materials	5,856	
Other Supplies and Materials	15,226	
Special Education Equipment	1,208	
Total Special Education Program		$ 1,190,429
Vocational Education Program		
Teachers	$ 390,306	
Career Ladder Program	3,000	
Educational Assistants	32,311	
Social Security	25,722	
State Retirement	36,538	
Medical Insurance	42,784	
Unemployment Compensation	667	
Employer Medicare	6,016	
T&I Construction Materials	3,104	
Total Vocational Education Program		540,448
Support Services		
Attendance		
Supervisor/Director	$ 53,850	
Career Ladder Program	3,000	
Social Security	3,322	
State Retirement	4,073	
Medical Insurance	8,284	
Unemployment Compensation	54	
Employer Medicare	777	
Travel	1,925	
Other Supplies and Materials	257	
Total Attendance		75,542

(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	$	83,300		
Other Salaries and Wages		87,598		
Social Security		9,917		
State Retirement		13,897		
Medical Insurance		16,299		
Unemployment Compensation		378		
Employer Medicare		2,319		
Travel		7,347		
Other Supplies and Materials		21,219		
Other Charges		4,125		
Total Health Services			$	246,399
Other Student Support				
Career Ladder Program	$	4,000		
Guidance Personnel		206,511		
Social Workers		37,253		
Secretary(ies)		17,958		
Social Security		15,942		
State Retirement		21,207		
Medical Insurance		20,565		
Unemployment Compensation		323		
Employer Medicare		3,729		
Evaluation and Testing		28,211		
Travel		760		
Total Other Student Support				356,459
Regular Instruction Program				
Supervisor/Director	$	60,594		
Career Ladder Program		9,000		
Librarians		304,399		
Secretary(ies)		14,835		
Other Salaries and Wages		16,537		
Social Security		23,731		
State Retirement		34,853		
Medical Insurance		36,080		
Unemployment Compensation		489		
Employer Medicare		5,550		
Travel		19,157		
Library Books/Media		21,215		

(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.)				
In Service/Staff Development	$	5,510		
Other Charges		20,200		
Total Regular Instruction Program			$	572,150
Special Education Program				
Supervisor/Director	$	59,944		
Career Ladder Program		1,000		
Psychological Personnel		40,125		
Secretary(ies)		32,455		
Other Salaries and Wages		16,537		
Social Security		8,900		
State Retirement		11,018		
Medical Insurance		8,149		
Unemployment Compensation		189		
Employer Medicare		2,082		
Travel		18,889		
Other Supplies and Materials		1,532		
Total Special Education Program				200,820
Other Programs				
On-Behalf Payments to OPEB	$	76,961		
Total Other Programs				76,961
Board of Education				
Secretary to Board	$	31,054		
Other Salaries and Wages		577		
Board and Committee Members Fees		40,100		
Social Security		4,365		
State Retirement		4,901		
Unemployment Compensation		141		
Employer Medicare		1,021		
Audit Services		5,850		
Dues and Memberships		16,518		
Legal Services		2,620		
Travel		13,451		
Other Contracted Services		35,091		
Other Supplies and Materials		2,286		
Liability Insurance		23,711		
Premiums on Corporate Surety Bonds		555		

(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	$	89,708		
Workers' Compensation Insurance		90,465		
Other Charges		20,195		
Total Board of Education			$	382,609
Director of Schools				
County Official/Administrative Officer	$	75,000		
Assistant(s)		61,210		
Career Ladder Program		1,000		
Secretary(ies)		28,116		
Social Security		9,945		
State Retirement		14,970		
Medical Insurance		7,397		
Unemployment Compensation		161		
Employer Medicare		2,334		
Communication		49,656		
Dues and Memberships		2,841		
Postal Charges		1,766		
Travel		4,150		
Office Supplies		6,577		
Other Charges		12,079		
Total Director of Schools				277,202
Office of the Principal				
Principals	$	397,618		
Career Ladder Program		9,500		
Assistant Principals		103,592		
Secretary(ies)		132,396		
Bonus Payments		150		
Other Salaries and Wages		1,000		
Social Security		38,442		
State Retirement		54,835		
Medical Insurance		48,700		
Unemployment Compensation		820		
Employer Medicare		8,993		
Communication		20,123		
Travel		1,621		
Total Office of the Principal				817,790

(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		
Supervisor/Director	$ 26,920	
Custodial Personnel	362,844	
Bonus Payments	61	
Social Security	26,888	
State Retirement	25,218	
Unemployment Compensation	1,923	
Employer Medicare	4,857	
Disposal Fees	33,185	
Other Contracted Services	17,371	
Electricity	610,018	
Natural Gas	74,388	
Water and Sewer	64,714	
Other Supplies and Materials	84,950	
Boiler Insurance	3,701	
Building and Contents Insurance	79,518	
Total Operation of Plant		$ 1,416,556
Maintenance of Plant		
Maintenance Personnel	$ 110,696	
Social Security	6,563	
State Retirement	7,605	
Medical Insurance	9,320	
Unemployment Compensation	218	
Employer Medicare	1,540	
Other Supplies and Materials	64,083	
Motor Vehicles	5,918	
Total Maintenance of Plant		205,943
Transportation		
Supervisor/Director	$ 30,285	
Mechanic(s)	53,798	
Bus Drivers	493,530	
Bonus Payments	150	
Social Security	35,180	
State Retirement	35,767	
Unemployment Compensation	2,245	
Employer Medicare	8,275	
Contracts with Vehicle Owners	2,324	
Diesel Fuel	191,518	

(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.)				
Gasoline	$	2,378		
Tires and Tubes		18,230		
Vehicle Parts		70,012		
Vehicle and Equipment Insurance		20,818		
Other Charges		22,792		
Transportation Equipment		12,500		
Total Transportation			$	999,802
Central and Other				
Supervisor/Director	$	50,000		
Other Salaries and Wages		130,154		
Social Security		10,800		
State Retirement		14,561		
Medical Insurance		2,676		
Unemployment Compensation		307		
Employer Medicare		2,526		
Total Central and Other				211,024
Operation of Non-Instructional Services				
Community Services				
Supervisor/Director	$	33,389		
Teachers		21,848		
Social Security		3,293		
State Retirement		4,085		
Medical Insurance		11,360		
Unemployment Compensation		123		
Employer Medicare		770		
Travel		2,191		
Instructional Supplies and Materials		6,248		
Other Charges		1,133		
Total Community Services				84,440
Early Childhood Education				
Supervisor/Director	$	18,883		
Teachers		394,314		
Educational Assistants		130,399		
Social Security		32,834		
State Retirement		43,703		
Medical Insurance		35,537		

(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.)			
Unemployment Compensation	$ 1,052		
Employer Medicare	7,679		
Travel	18,313		
Instructional Supplies and Materials	234,816		
Other Charges	6,054		
Total Early Childhood Education		$ 923,584	
Capital Outlay			
Regular Capital Outlay			
Building Improvements	$ 245,546		
Total Regular Capital Outlay		245,546	
Principal on Debt			
Education			
Principal on Capital Leases	$ 54,322		
Total Education		54,322	
Interest on Debt			
Education			
Interest on Capital Leases	$ 110,907		
Total Education		110,907	
Other Debt Service			
Education			
Debt Service Contribution to Primary Government	$ 185,773		
Total Education		185,773	
Total General Purpose School Fund			$ 18,467,762
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 1,217,853		
Educational Assistants	164,006		
Part-time Personnel	1,845		
Other Salaries and Wages	14,730		
Certified Substitute Teachers	17,242		
Social Security	82,707		
State Retirement	122,887		

(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.)		
Medical Insurance	$ 188,902	
Unemployment Compensation	2,881	
Employer Medicare	19,751	
Instructional Supplies and Materials	46,233	
Other Supplies and Materials	1,300	
Other Charges	26,660	
Regular Instruction Equipment	85,590	
Total Regular Instruction Program		$ 1,992,587
Special Education Program		
Teachers	$ 141,914	
Educational Assistants	373,346	
Social Security	31,670	
State Retirement	38,841	
Medical Insurance	20,222	
Unemployment Compensation	1,576	
Employer Medicare	7,407	
Other Contracted Services	136,680	
Instructional Supplies and Materials	8,719	
Textbooks	883	
Other Supplies and Materials	9,128	
Special Education Equipment	9,222	
Total Special Education Program		779,608
Vocational Education Program		
Instructional Supplies and Materials	$ 33,120	
Vocational Instruction Equipment	25,333	
Total Vocational Education Program		58,453
Support Services		
Other Student Support		
Bus Drivers	$ 796	
Other Salaries and Wages	550	
Travel	24,669	
Other Contracted Services	1,891	
In Service/Staff Development	5,800	
Other Charges	10,318	
Total Other Student Support		44,024

(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				
Supervisor/Director	$	51,135		
Secretary(ies)		2,716		
Other Salaries and Wages		272,759		
Social Security		21,029		
State Retirement		26,929		
Medical Insurance		51,900		
Unemployment Compensation		428		
Employer Medicare		4,403		
Travel		40,278		
Other Supplies and Materials		5,519		
In Service/Staff Development		34,541		
Other Charges		9,982		
Total Regular Instruction Program			$	521,619
Special Education Program				
Travel	$	3,844		
Other Contracted Services		2,659		
Other Supplies and Materials		5,058		
In Service/Staff Development		23,572		
Total Special Education Program				35,133
Vocational Education Program				
Travel	$	805		
Other Charges		348		
Total Vocational Education Program				1,153
Maintenance of Plant				
Maintenance Personnel	$	14,500		
Social Security		899		
State Retirement		937		
Unemployment Compensation		73		
Employer Medicare		210		
Total Maintenance of Plant				16,619
Transportation				
Bus Drivers	$	28,212		
Social Security		1,749		
State Retirement		1,871		
Unemployment Compensation		102		

(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.)			
Transportation (Cont.)			
Employer Medicare	$ 409		
Transportation Equipment	91,252		
Total Transportation		$ 123,595	
Total School Federal Projects Fund			$ 3,572,791
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 49,913		
Cafeteria Personnel	493,415		
Other Salaries and Wages	24,356		
In-Service Training	5,932		
Social Security	34,070		
State Retirement	35,445		
Medical Insurance	18,468		
Unemployment Compensation	2,258		
Employer Medicare	7,968		
Travel	2,611		
Food Preparation Supplies	32,162		
Food Supplies	756,285		
Other Supplies and Materials	77,790		
Food Service Equipment	27,751		
Total Food Service		$ 1,568,424	
Total Central Cafeteria Fund			1,568,424
Total Governmental Funds - Scott County School Department			$ 23,608,977

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, 2011

	Cities - Sales Tax Fund	Special School District Fund	City School ADA - Oneida Fund	Total
Cash Receipts				
Current Property Taxes	$ 0	$ 375,357	$ 718,966	$ 1,094,323
Discounts on Property Taxes	0	(3,204)	(6,083)	(9,287)
Trustee's Collections - Prior Years	0	24,187	57,020	81,207
Circuit/Clerk and Master Collections - Prior Years	0	2,523	27,684	30,207
Interest and Penalty	0	2,865	9,249	12,114
Payment in-lieu-of Taxes - T.V.A.	0	0	10	10
Local Option Sales Tax	1,383,681	0	518,244	1,901,925
Interstate Telecommunications Tax	0	0	507	507
Marriage Licenses	0	0	277	277
Other Local Revenues	0	0	217	217
Total Cash Receipts	$ 1,383,681	$ 401,728	$ 1,326,091	$ 3,111,500
Cash Disbursements				
Remittance of Revenue Collected	$ 1,369,844	$ 393,947	$ 1,300,931	$ 3,064,722
Trustee's Commission	13,837	8,010	21,078	42,925
Total Cash Disbursements	$ 1,383,681	$ 401,957	$ 1,322,009	$ 3,107,647
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0	$ (229)	$ 4,082	$ 3,853
Cash Balance, July 1, 2010	0	3,349	51,177	54,526
Cash Balance, June 30, 2011	$ 0	$ 3,120	$ 55,259	$ 58,379

SINGLE AUDIT SECTION

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*

February 17, 2012

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, 2011, which collectively comprise Scott County's basic financial statements and have issued our report thereon dated February 17, 2012. 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 certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 11.02, 11.03, 11.05, and 11.06. 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 matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 11.01.

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, superintendent of roads, director of schools, director of finance, Financial Management Committee, County Commission, 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/sb

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 17, 2012

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements in the Special Education – Grants to States program (CFDA No. 84.027) which is described in the accompanying Schedule of Findings and Questioned Costs as items 11.04 and 11.08.

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.

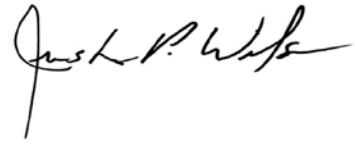
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance for the Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Act (CFDA No. 81.128), a nonmajor federal program, that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as items 11.03 and 11.07. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, 2011, and have issued our report thereon dated February 17, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the county mayor, superintendent of roads, director of schools, director of finance, Financial Management Committee, County Commission, 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/sb

Scott County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	$ 107,810 (3)
Passed-through State Department of Education:			
Fresh Fruit and Vegetable Program	10.582	N/A	104,974
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	346,008
National School Lunch Program	10.555	N/A	951,665 (3)
Total U.S. Department of Agriculture			$ 1,510,457
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	$ 129,628
Total Bureau of Land Management, Department of the Interior			$ 129,628
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	$ 1,135
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	58,202
Total U.S. Department of Justice			$ 59,337
U.S. Department of Transportation:			
Passed-through Tennessee Department of Transportation:			
Highway Planning and Construction, Recovery Act	20.205	N/A	$ 150,000
Total U.S. Department of Transportation			$ 150,000
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Area Development	23.002	(2)	$ 125,554
Total Appalachian Regional Commission			$ 125,554
U.S. Department of Energy:			
Passed-through Tennessee Department of Economic and Community Development:			
Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Act	81.128	(2)	$ 100,000
Total U.S. Department of Energy			$ 100,000
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	$ 957,093
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	413,347
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	566,348
Special Education - Grants to States, Recovery Act	84.391	N/A	416,246
Special Education - Preschool Grants	84.173	N/A	13,892
Special Education - Preschool Grants, Recovery Act	84.392	N/A	4,063
Career and Technical Education - Basic Grants to States	84.048	N/A	69,890
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	5,232
Education Technology State Grants, Recovery Act	84.386	(2)	1,504

(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.):			
Rural Education	84.358	N/A	$ 43,373
Improving Teacher Quality State Grants	84.367	N/A	233,097
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,518,821
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	162,169
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	221,720
Education Jobs Fund	84.410	N/A	734,548
Total U.S. Department of Education			$ 5,361,343
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	$ 17,948
Total U.S. Department of Health and Human Services			$ 17,948
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	34101-511	19,992
Emergency Management Performance Grants	97.042	(2)	8,383
Total U.S. Department of Homeland Security			$ 39,561
Total Expenditures of Federal Awards			$ 7,493,828
State Grants		Contract Number	
Litter Program - State Department of Transportation	N/A	(2)	$ 22,328
Health Department Programs - State Department of Health	N/A	(2)	164,604
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)	46,431
Save the Children - State Department of Education	N/A	(2)	50,872
Early Childhood Education - State Department of Education	N/A	(2)	961,395
Lottery for Education: Afterschool Programs (LEAPs) - State Department of Education	N/A	(2)	24,320
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	(2)	2,740
Law Enforcement Training Grant - State Department of Finance and Administration	N/A	(2)	10,200
Total State Grants			$ 1,291,890

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 $1,059,475.

Scott County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is the finding from the Annual Financial Report for Scott County, Tennessee, for the year ended June 30, 2010, which has not been corrected.

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

Finding Number	Page Number	Subject
10.02	172	Duties were not segregated adequately

SCOTT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

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 four significant deficiencies in internal control. The deficiencies were not considered to be material weaknesses.

3. The audit disclosed no instances of noncompliance that are material to the financial statements of Scott County.

4. The audit disclosed no significant deficiencies in internal control over major programs. However, our audit did disclose a significant deficiency in internal control over a nonmajor program.

5. An unqualified opinion was issued on compliance for major programs.

6. The audit revealed two 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 Education Jobs Fund (CFDA No. 84.410); 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.

OFFICES OF COUNTY MAYOR, DIRECTOR OF FINANCE, AND DIRECTOR OF SCHOOLS

FINDING 11.01 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control) of the General Fund in amounts ranging from $55 to $15,810, and in the General Purpose School Fund in amounts ranging from $1,387 to $6,382.

Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." These deficiencies exist because management failed to stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

OFFICE DIRECTOR OF FINANCE

FINDING 11.02 **INSURANCE PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED MONTHLY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll liability accounts for employee insurance deductions in the General, Ambulance Service, and Highway/Public Works funds were not reconciled monthly with insurance invoices and payments. Sound business practices dictate that these reconciliations be performed monthly. This deficiency exists due to management's failure to properly monitor these accounts. The failure to regularly reconcile insurance payroll liability accounts with insurance payments and invoices allows errors to remain undiscovered and uncorrected.

RECOMMENDATION

Insurance payroll liability accounts should be reconciled monthly with insurance invoices and payments, and any errors discovered should be corrected promptly.

FINDING 11.03 **SCOTT COUNTY DID NOT ACCOUNT FOR AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANTS SEPARATELY FROM OTHER COUNTY FUNDS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards* and OMB Circular A-133)

Scott County comingled ARRA expenditures for the Energy Efficiency and Conservation Block Grant Program, Recovery Act (CFDA No. 81.128), a nonmajor federal program, with other local, state, and federal funds. U.S. Office of Management and Budget's (OMB) Compliance Supplement requires grantees to agree to maintain records that identify adequately the source (i.e., revenue) and application (i.e., expenditure) of ARRA awards. In addition, grant agreements contain terms and conditions that require compliance with the Tennessee Office of Recovery Act Management (TRAM) Directives. TRAM Directive No. 2 requires county governments to account for ARRA grant awards and expenditures separately from the county's other revenues and expenditures in the county's financial accounting system. This comingling of funds violates OMB's compliance requirements and the grant agreement. It also increases the risks of preparing inaccurate reports required by ARRA. When ARRA grant requirements are not followed, the OMB can terminate the grants; suspend or debar the county from receiving grants; or, in serious cases, may apply civil or criminal penalties.

RECOMMENDATION

Scott County should separate the application (expenditure) of ARRA grant funds on the county's accounting records.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.04 **QUESTIONED COSTS OF $31,720.89 WERE NOTED FOR THE SPECIAL EDUCATION - GRANTS TO STATES PROGRAM**
(Noncompliance Under OMB CIRCULAR A-133)

The Tennessee Department of Education (TDOE) examined the federal Special Education (IDEA) grant programs in October 2010. As a result of that examination, TDOE questioned amounts received by the Scott County School Department for High Cost Student reimbursements for the 2009-2010 school year. The county received $52,868.15 in High Cost Student reimbursements based on the salary and benefits of one teacher serving special education students at the juvenile detention center. However, when a log of this teacher's time was provided to TDOE, it was discovered that the teacher spent only three hours a day at the juvenile detention center, while reimbursement was based on a full

7.5 hour school day. As a result, the Scott County School Department was required to refund $31,720.89 to the TDOE, which represents amounts claimed for reimbursement related to the four hours per day not spent with special education students. This amount was refunded to the state on August 3, 2011.

This report can be obtained by contacting the State of Tennessee, Department of Education, 6th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, Tennessee 37243-0380.

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

FINDING 11.05 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(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, and Register. 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.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

FINDING 11.06 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards)*

Multiple employees operated from the same cash drawer in the Offices of the Circuit and General Sessions Courts Clerk, Clerk and Master, and Register. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be

detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

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, FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Energy: Passed-through State Department of Economic and Community Development: ARRA- Energy Efficiency and Conservation Block Grant Program	11.07	81.128	OMB Circular A-133, Compliance Supplement, Part 3N.	Significant deficiency in internal control - See Finding 11.03 - Scott County did not account for American Recovery and Reinvestment Act grants separately from other county funds.	$ 0
U.S. Department of Education: Passed-through State Department of Education Special Education Cluster: Special Education - Grants to States	11.08	84.027	OMB Circular A-133, Section 500 (d)(1), Circular A-133, Compliance Supplement Parts 3A and 3B	Noncompliance - See Finding 11.04 - Questioned costs were noted for the Special Education - Grants to States Program.	31,721

SCOTT COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011

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

County Mayor and Director of Finance – Corrective Action Plan for Current-Year's Findings

FINDINGS 11.03 and 11.07

Contact person:	Brian Strunk, Director of Finance
Corrective action planned:	Appropriate steps will be taken to code all ARRA grants revenue and expenditures separately from non-ARRA revenue and expenditures.
Anticipated completion date:	February 29, 2012

Director of Schools – Corrective Action Plan for Current-Year's Findings

FINDINGS 11.04 and 11.08

Contact person:	Debby Sexton, Special Education Supervisor
Corrective action planned:	A calculation of salary and benefits for the special education teacher at the Juvenile Detention Center has been provided to the Department of Education. Sixty percent of the teacher's salary for the 2009-10 school year, totaling $31,720.89, has been refunded to the treasurer of the State of Tennessee. A statement of assurance has been provided to the Tennessee Department of Education stating that the special education teacher will devote 100 percent of his work time to allowable special education activities while at the Juvenile Detention Center; and that future requests for high cost reimbursement will only represent the percentage of time the special education teacher spends serving those eligible students.
Completion date:	August 4, 2011