ANNUAL FINANCIAL REPORT
SCOTT COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2012

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FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

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, Expenditures, 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		29-72
REQUIRED SUPPLEMENTARY INFORMATION:		73
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	F-1	74-75
Ambulance Service Fund	F-2	76
Highway/Public Works Fund	F-3	77
Schedule of Funding Progress – Pension Plans – Primary Government, Discretely Presented Scott County School Department, and Discretely Presented Scott County Emergency Communications District	F-4	78
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Scott County School Department	F-5	79
Notes to the Required Supplementary Information		80-81

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		82
Nonmajor Governmental Funds:		83-84
Combining Balance Sheet	G-1	85-86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	87-88
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	G-3	89
Drug Control Fund	G-4	90
Major Governmental Funds:		91
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Debt Service Fund	H-1	92
Rural Debt Service Fund	H-2	93
Fiduciary Funds:		94
Combining Statement of Fiduciary Assets and Liabilities	I-1	95
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	96-97
Component Unit:		
Discretely Presented Scott County School Department:		98
Statement of Activities	J-1	99
Balance Sheet – Government Funds	J-2	100
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	101
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	102
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	103
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-6	104-106
School Federal Projects Fund	J-7	107
Central Cafeteria Fund	J-8	108

	Exhibit	Page(s)
Miscellanous Schedules:		109
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds – Primary Government and Discretely Presented Scott County School Department	K-1	110-113
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Scott County School Department	K-2	114-117
Schedule of Transfers – Primary Government and Discretely Presented Scott County School Department	K-3	118
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Scott County School Department	K-4	119
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	120-129
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Scott County School Department	K-6	130-131
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	132-151
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Scott County School Department	K-8	152-162
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-9	163
SINGLE AUDIT SECTION		164
Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*		165-167
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		168-170
Schedule of Expenditures of Federal Awards and State Grants		171-172
Schedule of Audit Findings Not Corrected		173
Schedule of Findings and Questioned Costs		174-181
Auditee Reporting Responsibilities		182

Audit Highlights

Annual Financial Report
Scott County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Scott County as of and for the year ended June 30, 2012.

Results

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

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

Findings and Best Practice

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

OFFICE OF DIRECTOR OF FINANCE

- Deficiencies were noted in the purchase order system.
- Interfund loans were not issued and retired in accordance with state statutes.
- The office failed to make scheduled principal and interest payments on capital outlay notes.
- The Public Utility Fund had a deficit in unrestricted net assets, and two capital projects funds had deficits in unassigned fund balances.

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

- Offices had deficiencies in budget operations.

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

- Duties were not segregated adequately.

OFFICE OF REGISTER OF DEEDS

- Multiple employees operated from the same cash drawer.

BEST PRACTICE

Scott County does not have an Audit Committee. The Division of Local Government 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, 2012

Officials

Jeff Tibbals, County Mayor
Donald Sexton, Superintendent of Roads
Billy Hall, 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
Brian Strunk, 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
Billy Hall, 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 LOCAL GOVERNMENT AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
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INDEPENDENT AUDITOR'S REPORT

February 27, 2013

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, 2012, which collectively comprise Scott County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Scott County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Scott County Emergency Communications District, which represent 3.6 percent and 1.4 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Scott County Emergency Communications District, is based on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scott County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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 27, 2013, 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.

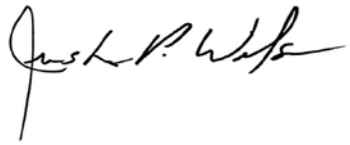
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 74 through 81 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 major 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 major 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/yu

Basic Financial Statements

Exhibit A

Scott County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Scott County School Department	Emergency Communica-tions District
ASSETS					
Cash	$ 146,527	$ 0	$ 146,527	$ 24,909	$ 1,078,525
Equity in Pooled Cash and Investments	3,198,218	1,314	3,199,532	5,808,653	0
Inventories	54,214	0	54,214	0	0
Accounts Receivable	5,353,387	10,747	5,364,134	8,802	7,916
Allowance for Uncollectibles	(4,536,175)	0	(4,536,175)	0	0
Due from Other Governments	819,373	0	819,373	1,572,128	0
Property Taxes Receivable	4,715,246	0	4,715,246	2,187,822	0
Allowance for Uncollectible Property Taxes	(261,670)	0	(261,670)	(118,480)	0
Prepaid Items	2,221	0	2,221	0	4,709
Deferred Charges - Debt Issuance Cost	320,100	0	320,100	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,983,885	10,000	1,993,885	910,561	0
Construction in Progress	614,895	0	614,895	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	14,425,510	14,033	14,439,543	19,655,247	0
Other Capital Assets	1,827,776	3,506,827	5,334,603	1,414,696	98,594
Infrastructure - Roads, Streets, and Bridges	2,464,762	0	2,464,762	0	0
Total Assets	$ 31,128,269	$ 3,542,921	$ 34,671,190	$ 31,464,338	$ 1,189,744

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Scott County School Department	Emergency Communica-tions District
LIABILITIES					
Accounts Payable	$ 424,321	$ 4,454	$ 428,775	$ 176,268	$ 0
Accrued Payroll	45,732	0	45,732	2,663,263	1,168
Accrued Interest Payable	100,507	1,390	101,897	0	0
Payroll Deductions Payable	133,355	605	133,960	209,238	0
Retainage Payable	0	7,500	7,500	0	0
Due to State of Tennessee	241,513	0	241,513	7,025	0
Capital Outlay Notes Payable	27,286	0	27,286	0	0
Deferred Revenue - Property Tax	4,200,532	0	4,200,532	1,958,104	0
Other Current Liabilities	0	0	0	256,464	0
Noncurrent Liabilities:					
Due Within One Year	3,301,858	23,410	3,325,268	70,085	13,941
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	35,448,365	607,279	36,055,644	4,318,242	0
Total Liabilities	$ 43,923,469	$ 644,638	$ 44,568,107	$ 9,658,689	$ 15,109
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$ 8,881,991	$ 2,900,171	$ 11,782,162	$ 0	$ 0
Invested in Capital Assets	0	0	0	21,980,504	98,594
Restricted for:					
Administration of Justice	25,755	0	25,755	0	0
Public Safety	41,670	0	41,670	0	0
Social, Cultural, and Recreation	3,956	0	3,956	0	0
Highway/Public Works	283,862	0	283,862	0	0
Debt Service	1,216,092	0	1,216,092	0	0
Capital Projects	153,609	0	153,609	0	0
Other Purposes	170,000		170,000	0	0
Education	0	0	0	1,089,603	0
Unrestricted	(23,572,135)	(1,888)	(23,574,023)	(1,264,458)	1,076,041
Total Net Assets (Deficit)	$ (12,795,200)	$ 2,898,283	$ (9,896,917)	$ 21,805,649	$ 1,174,635

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, 2012

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
Primary Government:									
Governmental Activities:									
General Government	$ 1,581,183	$ 115,900	$ 15,164	$ 8,721	$ (1,441,398)	$ 0	$ (1,441,398)	$ 0	$ 0
Finance	786,433	472,766	0	0	(313,667)	0	(313,667)	0	0
Administration of Justice	828,128	633,574	50,075	0	(144,479)	0	(144,479)	0	0
Public Safety	3,380,858	1,257,880	178,788	0	(1,944,190)	0	(1,944,190)	0	0
Public Health and Welfare	2,307,695	2,610,083	164,714	0	467,102	0	467,102	0	0
Social, Cultural, and Recreational Services	300,268	0	59,425	0	(240,843)	0	(240,843)	0	0
Agriculture and Natural Resources	38,550	0	0	0	(38,550)	0	(38,550)	0	0
Other Operations	2,401,262	2,041,313	343,606	0	(16,343)	0	(16,343)	0	0
Highways	2,194,082	3,444	2,322,374	274,947	406,683	0	406,683	0	0
Interest on Long-term Debt	638,088	0	0	0	(638,088)	0	(638,088)	0	0
Debt Service	260,298	0	0	0	(260,298)	0	(260,298)	0	0
Total Governmental Activities	$ 14,716,845	$ 7,134,960	$ 3,134,146	$ 283,668	$ (4,164,071)	$ 0	$ (4,164,071)	$ 0	$ 0
Business-type Activities:									
Public Utility - Sewer	$ 288,908	$ 156,777	$ 0	$ 0	$ 0	$ (132,131)	$ (132,131)	$ 0	$ 0
Total Business-type Activities	$ 288,908	$ 156,777	$ 0	$ 0	$ 0	$ (132,131)	$ (132,131)	$ 0	$ 0
Total Primary Government	$ 15,005,753	$ 7,291,737	$ 3,134,146	$ 283,668	$ (4,164,071)	$ (132,131)	$ (4,296,202)	$ 0	$ 0
Component Units:									
Scott County School Department	$ 24,848,460	$ 277,625	$ 4,660,137	$ 0	$ 0	$ 0	$ 0	$ (19,910,698)	$ 0
Emergency Communications District	233,823	143,988	160,055	0	0	0	0	0	70,220
Total Component Units	$ 25,082,283	$ 421,613	$ 4,820,192	$ 0	$ 0	$ 0	$ 0	$ (19,910,698)	$ 70,220

(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					$ 1,803,554	$ 0	$ 1,803,554	$ 1,980,924	$ 0
Property Taxes Levied for General Debt Services					1,811,528	0	1,811,528	0	0
Property Taxes Levied for Rural Debt Service					901,487	0	901,487	0	0
Local Option Sales Taxes					365,574	0	365,574	1,258,427	0
Litigation Taxes					127,033	0	127,033	0	0
Business Taxes					125,043	0	125,043	0	0
Wheel Tax					121,280	0	121,280	0	0
Other Taxes					134,587	0	134,587	971	0
Grants and Contributions Not Restricted to Specific Programs					1,103,384	0	1,103,384	15,864,287	23,435
Unrestricted Investment Income					254,599	0	254,599	214	9,001
Miscellaneous					107,037	250	107,287	46,152	0
Total General Revenues					$ 6,855,106	$ 250	$ 6,855,356	$ 19,150,975	$ 32,436
Transfers					$ (32,160)	$ 32,160	$ 0	$ 0	$ 0
Change in Net Assets					$ 2,658,875	$ (99,721)	$ 2,559,154	$ (759,723)	$ 102,656
Net Assets (Deficit), July 1, 2011					(15,454,075)	2,998,004	(12,456,071)	22,565,372	1,071,979
Net Assets (Deficit), June 30, 2012					$ (12,795,200)	$ 2,898,283	$ (9,896,917)	$ 21,805,649	$ 1,174,635

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, 2012

	Major Funds					Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS							
Cash	$ 100	$ 0	$ 0	$ 0	$ 0	$ 146,427	$ 146,527
Equity in Pooled Cash and Investments	796,040	58,303	108,643	1,237,668	573,117	424,447	3,198,218
Inventories	54,214	0	0	0	0	0	54,214
Accounts Receivable	85,176	5,226,626	6,832	3,115	0	31,638	5,353,387
Allowance for Uncollectibles	0	(4,536,175)	0	0	0	0	(4,536,175)
Due from Other Governments	481,250	0	310,453	0	0	27,670	819,373
Due from Other Funds	93,596	0	0	0	0	2,082	95,678
Property Taxes Receivable	2,465,117	0	0	1,365,707	884,422	0	4,715,246
Allowance for Uncollectible Property Taxes	(122,122)	0	0	(90,957)	(48,591)	0	(261,670)
Prepaid Items	2,221	0	0	0	0	0	2,221
Total Assets	$ 3,855,592	$ 748,754	$ 425,928	$ 2,515,533	$ 1,408,948	$ 632,264	$ 9,587,019
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	$ 281,614	$ 27,745	$ 55,282	$ 0	$ 0	$ 59,680	$ 424,321
Accrued Payroll	3,280	20,444	22,008	0	0	0	45,732
Payroll Deductions Payable	88,674	30,887	13,008	0	0	786	133,355
Due to Other Funds	2,082	80,238	12,158	0	0	1,200	95,678
Due to State of Tennessee	0	4,008	664	0	0	236,841	241,513
Accrued Interest Payable	0	0	0	0	13,816	0	13,816
Capital Outlay Notes Payable	0	0	0	0	27,286	0	27,286
Deferred Revenue - Current Property Taxes	2,241,602	0	0	1,169,531	789,399	0	4,200,532
Deferred Revenue - Delinquent Property Taxes	91,048	0	0	94,483	41,694	0	227,225
Other Deferred Revenues	137,210	505,977	159,462	0	0	0	802,649
Total Liabilities	$ 2,845,510	$ 669,299	$ 262,582	$ 1,264,014	$ 872,195	$ 298,507	$ 6,212,107
Fund Balances							
Nonspendable:							
Inventory	$ 54,214	$ 0	$ 0	$ 0	$ 0	$ 0	$ 54,214

(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	Other Govern-mental Funds	Total Govern-mental Funds
LIABILITIES AND FUND BALANCES (Cont.)							
Fund Balances (Cont.)							
Nonspendable (Cont.):							
Prepaid Items	$ 2,221	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,221
Restricted:							
Restricted for Administration of Justice	2,213	0	0	0	0	23,542	25,755
Restricted for Public Safety	7,506	0	0	0	0	34,164	41,670
Restricted for Social, Cultural, and Recreational Services	3,956	0	0	0	0	0	3,956
Restricted for Highways/Public Works	0	0	124,400	0	0	0	124,400
Restricted for Debt Service	0	0	0	1,027,548	139,058	0	1,166,606
Restricted for Capital Projects	0	0	0	0	0	153,609	153,609
Restricted for Other Purposes	170,000	0	0	0	0	0	170,000
Committed:							
Committed for General Government	25,698	0	0	0	0	0	25,698
Committed for Public Health and Welfare	0	79,455	0	0	0	202,242	281,697
Committed for Other Operations	4,433	0	0	0	0	0	4,433
Committed for Highways/Public Works	0	0	38,946	0	0	0	38,946
Committed for Debt Service	0	0	0	223,971	397,695	0	621,666
Assigned:							
Assigned for Public Safety	9,260	0	0	0	0	0	9,260
Assigned for Other Operations	220,332	0	0	0	0	0	220,332
Unassigned	510,249	0	0	0	0	(79,800)	430,449
Total Fund Balances	$ 1,010,082	$ 79,455	$ 163,346	$ 1,251,519	$ 536,753	$ 333,757	$ 3,374,912
Total Liabilities and Fund Balances	$ 3,855,592	$ 748,754	$ 425,928	$ 2,515,533	$ 1,408,948	$ 632,264	$ 9,587,019

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, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 3,374,912
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 1,983,885	
Add: construction in progress	614,895	
Add: infrastructure net of accumulated depreciation	2,464,762	
Add: buildings and improvements net of accumulated depreciation	14,425,510	
Add: other capital assets net of accumulated depreciation	1,827,776	21,316,828
(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	$ (3,134,017)	
Less: other loans payable	(24,137,790)	
Less: bonds payable	(8,697,000)	
Add: deferred amount on refunding	2,986	
Add: deferred charges - debt issuance costs	320,100	
Less: compensated absences payable	(154,579)	
Less: landfill postclosure care costs	(2,471,994)	
Less: other postemployment benefits liability	(134,831)	
Less: accrued interest on bonds, notes, and capital leases which was not accrued at the fund level	(86,691)	
Less: other deferred revenue - premium on debt	(22,998)	(38,516,814)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,029,874
Net assets (deficit) of governmental activities (Exhibit A)		$ (12,795,200)

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, 2012

	Major Funds					Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues							
Local Taxes	$ 2,695,352	$ 0	$ 0	$ 1,939,036	$ 1,004,200	$ 0	$ 5,638,588
Licenses and Permits	26,144	0	0	784	0	0	26,928
Fines, Forfeitures, and Penalties	157,930	0	0	0	0	143,292	301,222
Charges for Current Services	417,352	2,232,711	0	0	0	136,912	2,786,975
Other Local Revenues	2,432,762	3,918	38,946	150,053	297,695	36,976	2,960,350
Fees Received from County Officials	822,262	0	0	0	0	0	822,262
State of Tennessee	1,970,330	0	1,832,760	0	0	51,440	3,854,530
Federal Government	206,765	0	434,396	0	0	0	641,161
Other Governments and Citizens Groups	56,695	1,000	0	2,850	185,773	235	246,553
Total Revenues	$ 8,785,592	$ 2,237,629	$ 2,306,102	$ 2,092,723	$ 1,487,668	$ 368,855	$ 17,278,569
Expenditures							
Current:							
General Government	$ 1,196,983	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,196,983
Finance	795,916	0	0	0	0	0	795,916
Administration of Justice	709,104	0	0	0	0	121,921	831,025
Public Safety	3,380,716	0	0	0	0	0	3,380,716
Public Health and Welfare	238,222	1,920,541	0	0	0	115,512	2,274,275
Social, Cultural, and Recreational Services	138,568	0	0	0	0	0	138,568
Agriculture and Natural Resources	38,550	0	0	0	0	0	38,550
Other Operations	2,327,555	0	0	0	0	40,243	2,367,798
Highways	235	0	2,070,343	0	0	18,011	2,088,589
Debt Service:							
Principal on Debt	0	0	231,985	1,025,109	970,508	7,667	2,235,269
Interest on Debt	0	0	44,719	232,094	376,393	557	653,763
Other Debt Service	0	0	0	193,449	29,678	0	223,127
Capital Projects	0	0	0	0	0	331,093	331,093
Total Expenditures	$ 8,825,849	$ 1,920,541	$ 2,347,047	$ 1,450,652	$ 1,376,579	$ 635,004	$ 16,555,672
Excess (Deficiency) of Revenues Over Expenditures	$ (40,257)	$ 317,088	$ (40,945)	$ 642,071	$ 111,089	$ (266,149)	$ 722,897

(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	Other Govern-mental Funds	Total Governmental Funds
Other Financing Sources (Uses)							
Transfers In	$ 267,200	$ 0	$ 0	$ 0	$ 0	$ 58,740	$ 325,940
Transfers Out	0	(250,000)	(58,740)	(32,160)	0	(17,200)	(358,100)
Total Other Financing Sources (Uses)	$ 267,200	$ (250,000)	$ (58,740)	$ (32,160)	$ 0	$ 41,540	$ (32,160)
Net Change in Fund Balances	$ 226,943	$ 67,088	$ (99,685)	$ 609,911	$ 111,089	$ (224,609)	$ 690,737
Fund Balance, July 1, 2011	783,139	12,367	263,031	641,608	425,664	558,366	2,684,175
Fund Balance, June 30, 2012	$ 1,010,082	$ 79,455	$ 163,346	$ 1,251,519	$ 536,753	$ 333,757	$ 3,374,912

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, 2012

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)		$ 690,737
(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	$ 678,274	
Less: current-year depreciation expense	(997,459)	(319,185)
(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	$ 274,947	
Less: net book value of disposed assets	(15,653)	259,294
(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, 2012	$ 1,029,874	
Less: deferred delinquent property taxes and other deferred June 30, 2011	(1,159,857)	(129,983)
(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	$ 1,606	
Less: change in deferred debt issuance costs	(30,616)	
Add: principal payments on bonds	812,000	
Add: principal payments on notes	718,669	
Add: principal payments on other loans	704,600	
Less: change in deferred amount on refunding debt	(6,555)	2,199,704
(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	$ 14,069	
Change in compensated absences payable	21,395	
Change in other postemployment benefits liability	(42,823)	
Change in claims and judgments liability	14,314	
Change in landfill postclosure care costs	(48,647)	(41,692)
Change in net assets of governmental activities (Exhibit B)		$ 2,658,875

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, 2012

	Business-type Activities – Major Enterprise Fund
	Public Utility Fund
ASSETS	
Current Assets:	
Equity in Pooled Cash and Investments	$ 1,314
Accounts Receivable	10,747
Capital Assets:	
Assets Not Depreciated:	
Land	10,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	14,033
Other Capital Assets	3,506,827
Total Assets	$ 3,542,921
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 4,454
Payroll Deductions Payable	605
Retainage Payable	7,500
Accrued Interest Payable	1,390
Noncurrent Liabilities:	
Due Within One Year	23,410
Due in More Than One Year	607,279
Total Liabilities	$ 644,638
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 2,900,171
Unrestricted	(1,888)
Total Net Assets	$ 2,898,283

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, 2012

	Business-type Activities - Major Enterprise Fund
	Public Utility Fund
Operating Revenues	
Charges for Services	$ 156,777
Miscellaneous Refunds	250
Total Operating Revenue	$ 157,027
Operating Expenses	
Salaries	$ 27,000
Fringe Benefits	3,939
Accounting Services	4,869
Communication	999
Postal Charges	46
Other Contracted Services	44,774
Electricity	29,929
Equipment and Machinery Parts	25,780
Gasoline	306
Water and Sewer	1,606
Other Supplies and Materials	24,406
Vehicle and Equipment Insurance	2,679
Workers' Compensation Insurance	1,079
Trustee's Commission	1,544
Depreciation	92,513
Total Operating Expenses	$ 261,469
Operating Income (Loss)	$ (104,442)
Nonoperating Revenues (Expenses)	
Interest on Debt	$ (27,439)
Total Nonoperating Revenues (Expenses)	$ (27,439)
Income Before Contributions and Transfers	$ (131,881)
Transfers In	32,160
Change in Net Assets	$ (99,721)
Net Assets, July 1, 2011	2,998,004
Net Assets, June, 30, 2012	$ 2,898,283

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, 2012

	Business-type Activities – Major Enterprise Fund Public Utility Fund
Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 159,244
Other Operating Income	250
Salaries and Fringe Benefits	(30,334)
Payments to Vendors	(146,461)
Net Cash Provided By (Used In) Operating Activities	$ (17,301)
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	$ (9,415)
Principal Paid on Bonds	(18,241)
Interest Paid on Bonds	(27,479)
Net Cash Provided By (Used In) Capital and Related Financing Activities	$ (55,135)
Cash Flows from Noncapital Financing Activities	
Transfers from Other Funds	$ 32,160
Net Cash Provided By (Used In) Noncapital Financing Activities	$ 32,160
Increase (Decrease) in Cash	$ (40,276)
Cash, July 1, 2011	41,590
Cash, June 30, 2012	$ 1,314
Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ (104,442)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	92,513
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables, Net of Allowance	2,467
Increase (Decrease) in Current Liabilities	(7,839)
Net Cash Provided By (Used In) Operating Activities	$ (17,301)

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, 2012

	Agency Funds
ASSETS	
Cash	$ 578,635
Equity in Pooled Cash and Investments	218,608
Accounts Receivable	197
Due from Other Governments	352,849
Property Taxes Receivable	1,386,436
Allowance for Uncollectible Taxes	(75,270)
Total Assets	$ 2,461,455
LIABILITIES	
Accounts Payable	$ 1,955
Payroll Deductions Payable	2,543
Due to Other Taxing Units	1,717,661
Due to Litigants, Heirs, and Others	578,728
Due to Joint Ventures	160,568
Total Liabilities	$ 2,461,455

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

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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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).

Scott County also reports the following major proprietary fund:

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

Additionally, Scott County reports the following fund types:

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

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

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

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. Service charges and federal grants are the foundational revenues of this fund.

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.

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.

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 three 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 and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaids 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, 2012, Scott County had $23,178,986 in outstanding debt for capital purposes of the discretely presented Scott County School Department and $361,753 for capital purposes of the Scott County Airport Authority, a related organization. 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.

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.

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, and shall remain binding unless removed in the same manner.

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 $220,332 of fund balance appropriated for use in the 2012-13 budget. Assigned fund balance in the School Department's General Purpose School Fund includes $350,000 of fund balance appropriated for use in the 2012-13 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, 2012, the Scott County School Department reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
Central Cafeteria	Cafeteria equipment	$ 39,340

B. Net Assets Deficit/Fund Deficits

The Public Utility Fund had a deficit in unrestricted net assets of $1,888 at June 30, 2012. This deficit resulted from current year expenditures that exceeded current year revenue.

The General Capital Projects and the Other Capital Projects funds had deficits in unassigned fund balance of $54,213 and $25,587 respectively, at June 30, 2012. These deficits resulted from the recognition of liabilities that exceeded available cash. Management intends to use available Public Building Authority loan proceeds to fund the deficit in the General Capital Projects Fund. No action has been taken to liquidate the Other Capital Projects Fund unassigned fund balance deficit as of the date of this report.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the General Fund by $9,610. Expenditures exceeded appropriations approved by the County Commission and Board of Education in the following funds' major appropriation categories (the legal level of control):

Fund/Major Appropriation Category	Amount Overspent
Solid Waste/Sanitation:	
Interest on Debt - General Government	$ 139
Highway/Public Works:	
Highway and Bridge Maintenance	16,674
Operation and Maintenance of Equipment	11,217
General Debt Service:	
Principal on Debt - General Government	96
General Purpose School:	
Central and Other	26,189
Community Services	3,663

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 for the Solid Waste/Sanitation, Highway/Public Works, General Debt Service, and General Purpose School funds.

D. Interfund Loans Were Not Properly Authorized

Transfers were made to provide cash for operations in anticipation of revenue collections in several funds as detailed in Note IV.I. Such transfers were, in effect, interfund loans and were not approved by the state Comptroller's Office. Section 9-21-801, *Tennessee Code Annotated (TCA)* allows the County Commission to issue revenue anticipation notes with the approval of the state Comptroller's Office. One of these loans, totaling $70,000, was not retired by June 30, 2012. Section 9-21-801, *TCA*, provides that interfund loans shall mature not later than the close of the fiscal year issued. This loan has been reflected as Due from Other Funds in the General Fund, and Due to Other Funds in the Ambulance Service Fund.

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, 2012.

B. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	$ 1,983,885	$ 0	$ 0	$ 1,983,885
Construction in Progress	0	614,895	0	614,895
Total Capital Assets Not Depreciated	$ 1,983,885	$ 614,895	$ 0	$ 2,598,780
Capital Assets Depreciated:				
Buildings and Improvements	$ 21,532,430	$ 0	$ 0	$ 21,532,430
Infrastructure	2,830,328	0	0	2,830,328
Other Capital Assets	4,127,483	338,326	(245,873)	4,219,936
Total Capital Assets Depreciated	$ 28,490,241	$ 338,326	$ (245,873)	$ 28,582,694
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 6,626,982	$ 479,938	$ 0	$ 7,106,920
Infrastructure	294,808	70,758	0	365,566
Other Capital Assets	2,175,617	446,763	(230,220)	2,392,160
Total Accumulated Depreciation	$ 9,097,407	$ 997,459	$ (230,220)	$ 9,864,646
Total Capital Assets Depreciated, Net	$ 19,392,834	$ (659,133)	$ (15,653)	$ 18,718,048
Governmental Activities Capital Assets, Net	$ 21,376,719	$ (44,238)	$ (15,653)	$ 21,316,828

Business-type Activities

	Balance 7-1-11	Increases	Balance 6-30-12
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	9,415	4,314,812
Total Capital Assets Depreciated	$ 4,398,939	$ 9,415	$ 4,408,354
Less Accumulated Depreciation For:			
Buildings and Improvements	$ 74,832	$ 4,677	$ 79,509
Other Capital Assets	720,149	87,836	807,985
Total Accumulated Depreciation	$ 794,981	$ 92,513	$ 887,494
Total Capital Assets Depreciated, Net	$ 3,603,958	$ (83,098)	$ 3,520,860
Business-type Activities Capital Assets, Net	$ 3,613,958	$ (83,098)	$ 3,530,860

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	$ 343,811
Public Safety	174,783
Public Health and Welfare	121,722
Social, Cultural, and Recreational Services	161,700
Other Operations	47,778
Highways	147,665
Total Depreciation Expense - Governmental Activities	$ 997,459

Business-type Activities:

Sewer	$ 92,513
Total Depreciation Expense - Business-type Activities	$ 92,513

Discretely Presented Scott County School Department

Capital assets activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	$ 910,561	$ 0	$ 0	$ 910,561
Total Capital Assets Not Depreciated	$ 910,561	$ 0	$ 0	$ 910,561
Capital Assets Depreciated:				
Buildings and Improvements	$ 28,833,306	$ 0	$ 0	$ 28,833,306
Other Capital Assets	4,224,878	521,620	(87,961)	4,658,537
Total Capital Assets Depreciated	$ 33,058,184	$ 521,620	$ (87,961)	$ 33,491,843
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 8,478,433	$ 699,626	$ 0	$ 9,178,059
Other Capital Assets	3,033,210	298,592	(87,961)	3,243,841
Total Accumulated Depreciation	$ 11,511,643	$ 998,218	$ (87,961)	$ 12,421,900
Total Capital Assets Depreciated, Net	$ 21,546,541	$ (476,598)	$ 0	$ 21,069,943
Governmental Activities Capital Assets, Net	$ 22,457,102	$ (476,598)	$ 0	$ 21,980,504

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

Governmental Activities:

Instruction	$ 20,503
Support Services	957,358
Operation of Non-Instructional Services	20,357
Total Depreciation Expense - Governmental Activities	$ 998,218

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Ambulance Service	$ 80,238
"	Highway/Public Works	12,158
"	Nonmajor governmental	1,200
Nonmajor governmental	General	2,082

General Fund balance of $70,000 due from the Ambulance Service Fund resulted from an interfund loan that was not retired by June 30, 2012, as discussed in note III.D.

All other balances reflected above 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, 2012, consisted of the following amounts:

Primary Government

	Transfers In		
Transfers Out	General Fund	Public Utility Fund	Nonmajor Governmental Fund
Ambulance Service Fund	$ 250,000	$ 0	$ 0
Highway/Public Works Fund	0	0	58,740
General Debt Service Fund	0	32,160	0
Nonmajor governmental fund	17,200	0	0
Total	$ 267,200	$ 32,160	$ 58,740

Discretely Presented Scott County School Department

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects Fund	$ 89

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.

D. 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. As of the beginning of the year, Mercy Health Partners was the 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. In August 2011, the Scott County Commission approved an amendment to the hospital lease agreement, and a charity care subsidy agreement with Mercy Health Partners. 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 provided to the residents of Scott County. These agreements were made retroactive to January 1, 2011. In October 2011, Mercy Health Partners assigned the lease to Scott County HMA, LLC. Pursuant to the amendment and charity care subsidy agreement, Scott County received hospital lease proceeds of $1,629,167, and paid $1,250,000 in charity care subsidies during the year ended June 30, 2012. The lease agreement with Scott County HMA, LLC terminated on May 24 2012. The county is currently awaiting fulfillment of an agreement to sell the hospital to S.M. Promen of Tennesee, LLC as discussed in note V.C.

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 $98,256 annually. The agreement includes a cancellation clause; therefore, a schedule of future income is not prepared for this agreement.

E. Capital Lease

Discretely Presented Scott County School Department

On May 15, 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, 2012, were as follows:

Year Ending June 30	Governmental Funds
2013	$ 175,291
2014	180,550
2015	185,966
2016	191,545
2017	197,292
2018-2022	1,078,872
2023-2027	1,287,469
Total Minimum Lease Payments	$ 3,296,985
Less: Amount Representing Interest	(988,576)
Present Value of Minimum Lease Payments	$ 2,308,409

F. 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 $1,000,783 and $8,664 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, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	3 to 5 %	5-1-35	$ 3,205,000	$ 2,637,000
General Obligation Bonds - Refunding	1.1 to 4.5	5-1-29	14,707,635	6,060,000
Capital Outlay Notes	2.7 to 5	6-19-19	6,876,546	3,134,017
Other Loans	Variable	5-25-35	27,229,490	24,137,790

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, 2012:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-12	Interest Type	Interest Rates as of 6-30-12	Other Fees on Variable Rate Debt
Montgomery County Public Building Authority					
Building and Equipment	$ 1,000,000	$ 504,300	Variable	.55%	.78 %
Various School Projects	3,000,000	1,949,000	Variable	.45%	.63
Justice Center	10,000,000	8,343,490 (1)	Variable	.45%	.6
City of Clarksville Public Building Authority					
School Renovations and Improvements	13,940,000	13,341,000	Variable	.5%	.99
Total		$ 24,137,790			

(1) Total available at June 30, 2012, 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, 2012, including interest and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds Principal	Interest	Total
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
2018-2022	1,620,000	1,251,707	2,871,707
2023-2027	2,990,000	816,808	3,806,808
2028-2032	1,470,000	145,160	1,615,160
2033-2035	110,000	10,688	120,688
Total	$ 8,697,000	$ 3,840,234	$ 12,537,234

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	$ 1,537,216	$ 114,949	$ 1,652,165
2014	517,856	65,558	583,414
2015	396,316	45,952	442,268
2016	260,701	29,662	290,363
2017	239,515	17,847	257,362
2018-2019	182,413	9,113	191,526
Total	$ 3,134,017	$ 283,081	$ 3,417,098

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	$ 736,700	$ 115,795	$ 198,012	$ 1,050,507
2014	771,000	112,273	192,213	1,075,486
2015	807,400	108,587	186,141	1,102,128
2016	845,000	104,725	179,779	1,129,504
2017	883,600	100,683	173,115	1,157,398
2018-2022	5,002,600	435,920	754,184	6,192,704
2023-2027	5,072,000	314,658	550,784	5,937,442
2028-2032	6,209,000	184,752	326,207	6,719,959
2033-2035	3,810,490	34,818	63,978	3,909,286
Total	$ 24,137,790	$ 1,512,211	$ 2,624,413	$ 28,274,414

There is $1,788,272 available in the debt service funds to service long-term debt. Bonded debt per capita totaled $94, based on the 2010 federal census for residents living inside the Oneida School District and $452 for residents living outside the Oneida School District. Debt per capita, including notes, bonds, other loans, and capital leases totaled $1,186, for residents living inside the Oneida Special School District and $1,831, for residents living outside the Oneida Special School District.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2011	$ 9,509,000	$ 3,852,686	$ 24,842,390
Reductions	(812,000)	(718,669)	(704,600)
Balance, June 30, 2012	$ 8,697,000	$ 3,134,017	$ 24,137,790
Balance Due Within One Year	$ 818,000	$ 1,537,216	$ 736,700

	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2011	$ 175,974	$ 2,423,347
Additions	137,930	57,937
Reductions	(159,325)	(9,290)
Balance, June 30, 2012	$ 154,579	$ 2,471,994
Balance Due Within One Year	$ 123,663	$ 86,279

	Claims and Judgments	Other Postemployment Benefits
Balance, July 1, 2011	$ 14,314	$ 92,008
Additions	0	45,773
Reductions	(14,314)	(2,950)
Balance, June 30, 2012	$ 0	$ 134,831
Balance Due Within One Year	$ 0	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	$ 38,730,211
Less: Balance Due Within One Year	(3,301,858)
Less: Deferred Amount on Refunding	(2,986)
Add: Unamortized Premium on Debt	22,998
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 35,448,365

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.

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, 2012, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
Revenue and Tax Bonds	4.25 %	8-31-45	$ 255,000	$ 240,689
General Obligation Bonds - Refunding	1.1 to 4.7	6-1-27	490,000	390,000

The annual requirements to amortize all outstanding bonds at June 30, 2012, including interest payments, are as follows:

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
2013	23,410	26,830	50,240
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
2018-2022	147,895	99,555	247,450
2023-2027	193,307	63,283	256,590
2028-2032	34,986	32,814	67,800
2033-2037	43,272	24,528	67,800
2038-2042	53,489	14,311	67,800
2043-2046	39,206	2,703	41,909
Total	$ 630,689	$ 362,850	$ 993,539

Changes in Long-term Liabilities

Long-term liability activity for the Public Utility Fund for the year ended June 30, 2012, was as follows:

Business-type Activities:

	Public Utility Fund Bonds
Balance, July 1, 2011	$ 648,930
Reductions	(18,241)
Balance, June 30, 2012	$ 630,689
Balance Due Within One Year	$ 23,410

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, 2012, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Capital Leases
Balance, July 1, 2011	$ 1,633,511	$ 2,370,357
Additions	654,982	0
Reductions	(208,575)	(61,948)
Balance, June 30, 2012	$ 2,079,918	$ 2,308,409
Balance Due Within One Year	$ 0	$ 70,085

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	$ 4,388,327
Less: Balance Due Within One Year	(70,085)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 4,318,242

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

G. Pledges of Receivables and Future Revenues

In March 2012, the citizens of Scott County voted to levy a motor vehicle privilege tax totaling $30 for each motor-driven vehicle. The county pledged the tax collections to repay $13,940,000 in variable rate Public Building Authority Loans issued in December 2009 to finance the construction of Robbins Elementary, Burchfield Elementary, and Oneida Schools. Upon payment and retirement of this debt, the tax will terminate. Total principal, estimated interest, and estimated fee requirements for the loans are $16,139,976 , payable monthly through May 2035. For the current year, total principal, interest and fees paid on the loan and motor vehicle privilege tax generated were $471,734 and $121,280, respectively.

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

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Scott County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2012, were $6,390. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

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, 2012, were $94,973 and $17,522, respectively. The School Department has recognized

these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Short-term Debt

Scott County issued interfund loans in advance of revenue collections. These loans were necessary to provide cash for operations. Short-term debt activity for the year ended June 30, 2012, was as follows:

	Balance 7-1-11	Issued	Paid	Balance 6-30-12
Primary Government:				
From General Fund to Ambulance Service Fund	$ 0	$ 210,000	$ (140,000)	$ 70,000
From General Fund to Other Capital Projects Fund	0	58,740	(58,740)	0
From General Debt Service Fund to General Fund	0	300,000	(300,000)	0
From General Debt Service Fund to Ambulance Service Fund	0	100,000	(100,000)	0
Discretely Presented Scott County School Department:				
From General Purpose School Fund to School Federal Projects Fund	0	50,000	(50,000)	0

These loans were not properly authorized and retired as discussed in note III.D.

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. During the year ended June 30, 2012, Scott County paid its remaining balance of $14,314 toward this assessment, which had been reflected as a long-term liability. See Note IV.F., Long-term Debt.

C. Subsequent Events

On August 3, 2012, Scott County drew down Public Building Authority Loan proceeds of $99,448 to provide funds for the purchase of highway equipment.

On September 6, 2012 the county's General Debt Service Fund issued a $350,000 tax anticipation note to the General Fund for temporary operating funds.

In October 2012, the County Commission approved the execution of a hospital asset purchase agreement between Scott County and S.M. Promen of Tennessee, LLC. This agreement provides for sale of the hospital to Promen at a purchase price equal to the amount necessary to pay off certain general obligation bonds, which financed the construction of the hospital professional building, and adherence to certain restrictive covenants contained in the agreement. Outstanding principal on those bonds as of the date of this report totaled $104,000. Restrictive covenants in the agreement include that for a period of two years, there can be no mortgages, deeds of trust liens, or the like against the hospital's assets, and that the real property cannot be subdivided and sold. Furthermore, the covenants include that for a period of

six years the property will operate as an acute care or critical access hospital having no less than 25 beds in operation. The buyer must also, pursuant to the agreement, agree to maintain an adequate net worth reasonably necessary to operate the hospital. Pursuant to the Public Benefit Hospitals Sales and Conveyance Act of 2006, the attorney general of the State of Tennessee must approve such agreements. The attorney general approved the asset purchase agreement, contingent upon Promen demonstrating the ability to fulfill the terms of the agreement, including the restrictive covenants. Promen has not yet demonstrated that ability to the satisfaction of the state attorney general. On February 19, 2013, the County Commission voted to terminate the asset purchase agreement effective March 1, 2013, unless full, final, and complete documentation, including adequate net worth for hospital operations, is submitted by Promen to the Tennessee Attorney General on or before February 28, 2013.

On October 17, 2012, Scott County issued $500,000 in capital outlay notes to provide funds for the purchase of asphalt and other road improvements.

D. 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 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.

    b. 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.

E. Change in Administration

Carol Lowe left the Office of Finance Director on January 17, 2012, and was succeeded by Brian Strunk.

F. 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 $2,471,994 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual cost may be different due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District; Campbell, Claiborne, Fentress, Scott, and Union counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operation of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Scott County made no contributions to the DTF for the year ended June 30, 2012, 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

H. Jointly Governed Organization

The Northeast Tennessee Railroad Authority is jointly operated by Scott County in conjunction with Anderson and Campbell counties. The authority's board consists of the county mayor of each county and one member selected by the governing body of each county; however, 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, 2012.

I. 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, 2012, 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, 2012, the county's annual pension cost of $603,924 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 frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement 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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	$603,924	100%	$0
6-30-11	497,708	100	0
6-30-10	563,124	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 90.27 percent funded. The actuarial accrued liability for benefits was

$22.92 million, and the actuarial value of assets was $20.69 million, resulting in an unfunded actuarial accrued liability (UAAL) of $2.23 million. The covered payroll (annual payroll of active employees covered by the plan) was $7.52 million, and the ratio of the UAAL to the covered payroll was 29.66 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.

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. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

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, 2012, 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, 2012, 2011, and 2010 were $966,694, $812,928, and $685,017 respectively, equal to the required contributions for each year.

J. 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. No retirees were receiving benefits under this policy as of June 30, 2012.

Scott County and the School Department participate in the state-administered Medicare Supplement Plan and the School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated* (*TCA*), for teachers and Section 8-27-701, *TCA,* for the Medicare Supplement Plan. Prior to reaching the age of 65, all members have the option of choosing 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 $480 per month depending on years of service and type of coverage. During the year ended June 30, 2012, the discretely presented Scott County School Department contributed $208,575 for post-employment benefits, and the primary government contributed $2,950.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan	
		Primary Government	School Department
ARC	$ 582,000	$ 46,000	$ 77,000
Interest on the NPO	57,078	3,680	8,262
Adjustment to the ARC	(60,588)	(3,907)	(8,770)
Annual OPEB cost	$ 578,490	$ 45,773	$ 76,492
Amount of contribution	(203,625)	(2,950)	(4,950)
Increase/decrease in NPO	$ 374,865	$ 42,823	$ 71,542
Net OPEB obligation, 7-1-11	1,426,961	92,008	206,550
Net OPEB obligation, 6-30-12	$ 1,801,826	$ 134,831	$ 278,092

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	$ 506,886	35 %	$ 1,124,523
6-30-11	"	516,672	41	1,426,961
6-30-12	"	578,490	35	1,801,826
6-30-10	Medicare Supplement-Primary Government	48,000	5	45,450
6-30-11	"	49,108	5	92,008
6-30-12	"	45,773	6	134,831
6-30-10	Medicare Supplement-School Department	76,152	8	134,181
6-30-11	"	77,319	6	206,550
6-30-12	"	76,492	6	278,092

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan	Medicare Supplement Plan	
		Primary Government	School Department
Actuarial valuation date	7-1-11	7-1-11	7-1-11
Actuarial accrued liability (AAL)	$ 4,944,000	$ 384,000	$ 960,000
Actuarial value of plan assets	$ 0	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 4,944,000	$ 384,000	$ 960,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	$ 10,064,444	$ N/A	$ N/A
UAAL as a % of covered payroll	49%	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, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 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 6.5 percent for fiscal year 2012. The trend will decrease to 6.25 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. All rates include a 2.5 percent inflation assumption. The unfunded actuarial

accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

K. Termination Benefits

The Scott County Board of Education adopted a policy to pay certified employees $50 for each sick leave day 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, 2012. Payments totaling $27,225 were paid to individuals who retired during the year ended June 30, 2012.

L. 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.

M. 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, 2012, the district had 6,085 residential customers and 1,876 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 $9,001 on all investments for the year ended June 30, 2012.

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 $1,056,410, and the bank balance was $1,093,780. Of that amount, $843,152 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 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 $22,292.

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 7-1-11	Additions	Balance 6-30-12
Equipment			
Mapping Equipment	$ 20,195	$ 16,687	$ 36,882
Communication Equipment	419,344	0	419,344
Vehicles	24,500	0	24,500
	$ 464,039	$ 16,687	$ 480,726
Accumulated Depreciation			
Mapping Equipment	$ (12,142)	$ (3,482)	$ (15,624)
Communication Equipment	(323,781)	(18,227)	(342,008)
Vehicles	(23,917)	(583)	(24,500)
	$ (359,840)	$ (22,292)	$ (382,132)
Net Investment in Capital Assets	$ 104,199	$ (5,605)	$ 98,594

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. 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

Private sector standards of accounting and financial reporting issued prior to December 1, 1986, generally are followed in the District's financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. The district has elected not to follow subsequent private sector guidance.

D. Employee Retirement Plan

Plan Description

Employees of the district 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 the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The district requires employees to contribute five percent of earnable compensation.

The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2012 was 2.65 percent of covered payroll. A catch up of $68,785 was contributed in fiscal year ended June 30, 2011. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

For the year ending June 30, 2012, the district's annual pension cost of $1,267 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2009 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increases in the Social Security wage base, and (e) projected post retirement 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 of total investments over a ten year period. The district'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 zero years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	$ 1,267	100 %	$ 0
6-30-11	68,785	100	0
6-30-10	0	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was one percent funded. The actuarial accrued liability for benefits was zero, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $.03 million. The covered payroll (annual payroll of active employees covered by the plan) was zero, and the ratio of the UAAL to the covered payroll was zero percent.

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, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,695,352	$ 2,598,584	$ 2,621,929	$ 73,423
Licenses and Permits	26,144	23,600	23,600	2,544
Fines, Forfeitures, and Penalties	157,930	128,200	134,410	23,520
Charges for Current Services	417,352	320,200	320,800	96,552
Other Local Revenues	2,432,762	389,446	1,947,124	485,638
Fees Received from County Officials	822,262	805,000	904,349	(82,087)
State of Tennessee	1,970,330	1,842,200	1,869,352	100,978
Federal Government	206,765	36,996	139,162	67,603
Other Governments and Citizens Groups	56,695	0	0	56,695
Total Revenues	$ 8,785,592	$ 6,144,226	$ 7,960,726	$ 824,866
Expenditures				
General Government				
County Commission	$ 139,332	$ 148,308	$ 145,569	$ 6,237
County Mayor/Executive	156,665	158,418	163,269	6,604
County Attorney	54,080	55,212	57,241	3,161
Election Commission	186,233	218,672	227,393	41,160
Register of Deeds	137,535	141,586	144,927	7,392
County Buildings	523,138	433,796	518,239	(4,899)
Finance				
Accounting and Budgeting	246,751	245,408	251,068	4,317
Property Assessor's Office	196,088	197,962	203,934	7,846
County Trustee's Office	147,494	145,795	150,223	2,729
County Clerk's Office	205,583	203,102	209,695	4,112
Administration of Justice				
Circuit Court	247,152	243,536	251,166	4,014
General Sessions Court	297,902	272,714	301,549	3,647
Chancery Court	125,551	126,504	130,853	5,302
District Attorney General	38,499	40,000	40,000	1,501
Public Safety				
Sheriff's Department	1,567,258	1,433,583	1,585,193	17,935
Administration of the Sexual Offender Registry	746	0	746	0
Jail	1,470,705	1,373,850	1,354,081	(116,624)
Juvenile Services	236,338	233,702	238,413	2,075
Fire Prevention and Control	2,000	2,000	2,000	0
Civil Defense	89,478	28,466	89,449	(29)
Rescue Squad	8,000	8,000	8,000	0
County Coroner/Medical Examiner	6,191	6,002	6,193	2
Public Health and Welfare				
Local Health Center	56,446	59,534	59,534	3,088
Other Local Health Services	180,968	185,100	185,100	4,132
General Welfare Assistance	564	2,250	2,250	1,686
Other Local Welfare Services	244	244	244	0

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Social, Cultural, and Recreational Services				
Senior Citizens Assistance	$ 76,277	$ 100,993	$ 100,993	$ 24,716
Libraries	62,291	49,235	61,797	(494)
Agriculture and Natural Resources				
Agriculture Extension Service	38,550	41,905	41,905	3,355
Other Operations				
Tourism	45,607	54,274	54,274	8,667
Industrial Development	400	0	0	(400)
Airport	390,303	302,840	319,873	(70,430)
Veterans' Services	38,766	37,624	38,990	224
Other Charges	1,250,000	0	1,250,000	0
Contributions to Other Agencies	86,328	52,000	88,364	2,036
Miscellaneous	516,151	372,367	533,479	17,328
Highways				
Highway and Bridge Maintenance	235	235	235	0
Total Expenditures	$ 8,825,849	$ 6,975,217	$ 8,816,239	$ (9,610)
Excess (Deficiency) of Revenues Over Expenditures	$ (40,257)	$ (830,991)	$ (855,513)	$ 815,256
Other Financing Sources (Uses)				
Notes Issued	$ 0	$ 50,000	$ 50,000	$ (50,000)
Transfers In	267,200	304,398	304,398	(37,198)
Total Other Financing Sources (Uses)	$ 267,200	$ 354,398	$ 354,398	$ (87,198)
Net Change in Fund Balance	$ 226,943	$ (476,593)	$ (501,115)	$ 728,058
Fund Balance, July 1, 2011	783,139	927,977	927,977	(144,838)
Fund Balance, June 30, 2012	$ 1,010,082	$ 451,384	$ 426,862	$ 583,220

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, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 2,232,711	$ 2,200,000	$ 2,200,000	$ 32,711
Other Local Revenues	3,918	0	1,512	2,406
Other Governments and Citizens Groups	1,000	0	1,000	0
Total Revenues	$ 2,237,629	$ 2,200,000	$ 2,202,512	$ 35,117
Expenditures				
Public Health and Welfare				
Ambulance/Emergency Medical Services	$ 1,920,541	$ 1,940,993	$ 2,014,013	$ 93,472
Total Expenditures	$ 1,920,541	$ 1,940,993	$ 2,014,013	$ 93,472
Excess (Deficiency) of Revenues Over Expenditures	$ 317,088	$ 259,007	$ 188,499	$ 128,589
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 0	$ 70,508	$ (70,508)
Transfers Out	(250,000)	(300,000)	(300,000)	50,000
Total Other Financing Sources (Uses)	$ (250,000)	$ (300,000)	$ (229,492)	$ (20,508)
Net Change in Fund Balance	$ 67,088	$ (40,993)	$ (40,993)	$ 108,081
Fund Balance, July 1, 2011	12,367	63,528	63,528	(51,161)
Fund Balance, June 30, 2012	$ 79,455	$ 22,535	$ 22,535	$ 56,920

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, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 0	$ 235	$ 235	$ (235)
Other Local Revenues	38,946	2,000	35,213	3,733
State of Tennessee	1,832,760	2,071,400	2,088,899	(256,139)
Federal Government	434,396	0	434,396	0
Total Revenues	$ 2,306,102	$ 2,073,635	$ 2,558,743	$ (252,641)
Expenditures				
Highways				
Administration	$ 195,235	$ 107,258	$ 197,573	$ 2,338
Highway and Bridge Maintenance	1,191,601	914,796	1,174,927	(16,674)
Operation and Maintenance of Equipment	448,391	296,137	437,174	(11,217)
Other Charges	78,430	69,629	78,659	229
Employee Benefits	97,461	95,352	97,721	260
Capital Outlay	59,225	300,000	359,225	300,000
Principal on Debt				
Highways and Streets	231,985	231,985	231,985	0
Interest on Debt				
Highways and Streets	44,719	45,974	45,974	1,255
Total Expenditures	$ 2,347,047	$ 2,061,131	$ 2,623,238	$ 276,191
Excess (Deficiency) of Revenues Over Expenditures	$ (40,945)	$ 12,504	$ (64,495)	$ 23,550
Other Financing Sources (Uses)				
Transfers Out	$ (58,740)	$ (12,325)	$ (71,065)	$ 12,325
Total Other Financing Sources (Uses)	$ (58,740)	$ (12,325)	$ (71,065)	$ 12,325
Net Change in Fund Balance	$ (99,685)	$ 179	$ (135,560)	$ 35,875
Fund Balance, July 1, 2011	263,031	170,900	170,900	92,131
Fund Balance, June 30, 2012	$ 163,346	$ 171,079	$ 35,340	$ 128,006

Exhibit F-4

Scott County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government, Discretely Presented Scott County School Department, and
Discretely Presented Emergency Communications District
June 30, 2012

(Dollar amounts in thousands)

Primary Government and Discretely Presented School Department

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)
7-1-11	$ 20,688	$ 22,919	$ 2,231	90.27 %	$ 7,521	29.66 %
7-1-09	17,461	19,804	2,343	88.17	7,606	30.81
7-1-07	16,847	16,847	0	100	5,955	0

Discretely Presented Emergency Communications District

7-1-11	0	0	0	0	0	0
7-1-09	0	0	0	0	0	0
7-1-07	0	0	0	0	0	0

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, 2012

(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
"	7-1-11	0	384	384	0	N/A	N/A
DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT							
Local Education Group	7-1-09	0	4,318	4,318	0	10,308	42
"	7-1-10	0	4,389	4,389	0	10,570	42
"	7-1-11	0	4,944	4,944	0	10,064	49
Medicare Supplement	7-1-09	0	960	960	0	N/A	N/A
"	7-1-10	0	960	960	0	N/A	N/A
"	7-1-11	0	960	960	0	N/A	N/A

SCOTT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

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 total appropriations approved by the County Commission in the General Fund by $9,610. Expenditures exceeded appropriations approved by the County Commission in the Highway/Public Works Funds' major appropriation categories (the legal level of control):

Major Appropriation Categories		Amount Overspent
Highway and Bridge Maintenance	$	16,674
Operation and Maintenance of Equipment		11,217

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Fund, and by unspent appropriations in other major categories for the Highway/Public Works Fund.

C. INTERFUND LOANS WERE NOT PROPERLY AUTHORIZED

Transfers were made to provide cash for operations in anticipation of revenue collections in several funds as detailed in Note IV.I. in the notes to the financial statements. Such transfers were, in effect, interfund loans, which were not approved by the state Comptroller's Office. Section 9-21-801, *Tennessee Code, Annotated (TCA)* allows the County Commission to issue revenue anticipation notes with the approval of the state Comptroller's Office. One of these loans, totaling $70,000 was not retired by June 30, 2012. Section 9-21-801, *TCA*, provides that interfund loans shall mature not later than the close of the fiscal year issued. This loan has been reflected as Due from Other Funds in the General Fund, and Due to Other Funds in the Ambulance Service Fund.

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 specified 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.

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for the activities related to road resurfacing.

Exhibit G-1

Scott County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds				
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu - tional Officers - Fees	Total
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 1,200	$ 1,200
Equity in Pooled Cash and Investments	154,813	32,485	43,726	0	231,024
Accounts Receivable	29,263	2,375	0	0	31,638
Due from Other Governments	19,425	0	8,245	0	27,670
Due from Other Funds	2,082	0	0	0	2,082
Total Assets	$ 205,583	$ 34,860	$ 51,971	$ 1,200	$ 293,614
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 2,555	$ 696	$ 28,429	$ 0	$ 31,680
Payroll Deductions Payable	786	0	0	0	786
Due to Other Funds	0	0	0	1,200	1,200
Due to State of Tennessee	0	0	0	0	0
Total Liabilities	$ 3,341	$ 696	$ 28,429	$ 1,200	$ 33,666
Fund Balances					
Restricted:					
Restricted for Administration of Justice	$ 0	$ 0	$ 23,542	$ 0	$ 23,542
Restricted for Public Safety	0	34,164	0	0	34,164
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	202,242	0	0	0	202,242
Unassigned	0	0	0	0	0
Total Fund Balances	$ 202,242	$ 34,164	$ 23,542	$ 0	$ 259,948
Total Liabilities and Fund Balances	$ 205,583	$ 34,860	$ 51,971	$ 1,200	$ 293,614

(Continued)

Exhibit G-1

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

	Capital Projects Funds					
	General Capital Projects	Community Development/ Industrial Park	Education Capital Projects	Other Capital Projects	Total	Total Nonmajor Governmental Funds
ASSETS						
Cash	$ 0	$ 0	$ 145,227	$ 0	$ 145,227	$ 146,427
Equity in Pooled Cash and Investments	182,628	5,858	2,524	2,413	193,423	424,447
Accounts Receivable	0	0	0	0	0	31,638
Due from Other Governments	0	0	0	0	0	27,670
Due from Other Funds	0	0	0	0	0	2,082
Total Assets	$ 182,628	$ 5,858	$ 147,751	$ 2,413	$ 338,650	$ 632,264
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 0	$ 0	$ 0	$ 28,000	$ 28,000	$ 59,680
Payroll Deductions Payable	0	0	0	0	0	786
Due to Other Funds	0	0	0	0	0	1,200
Due to State of Tennessee	236,841	0	0	0	236,841	236,841
Total Liabilities	$ 236,841	$ 0	$ 0	$ 28,000	$ 264,841	$ 298,507
Fund Balances						
Restricted:						
Restricted for Administration of Justice	$ 0	$ 0	$ 0	$ 0	$ 0	$ 23,542
Restricted for Public Safety	0	0	0	0	0	34,164
Restricted for Capital Projects	0	5,858	147,751	0	153,609	153,609
Committed:						
Committed for Public Health and Welfare	0	0	0	0	0	202,242
Unassigned	(54,213)	0	0	(25,587)	(79,800)	(79,800)
Total Fund Balances	$ (54,213)	$ 5,858	$ 147,751	$ (25,587)	$ 73,809	$ 333,757
Total Liabilities and Fund Balances	$ 182,628	$ 5,858	$ 147,751	$ 2,413	$ 338,650	$ 632,264

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, 2012

	Special Revenue Funds				
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu - tional Officers - Fees	Total
Revenues					
Fines, Forfeitures, and Penalties	$ 0	$ 53,868	$ 89,424	$ 0	$ 143,292
Charges for Current Services	135,812	0	0	1,100	136,912
Other Local Revenues	9,007	26,026	1,376	0	36,409
State of Tennessee	51,440	0	0	0	51,440
Other Governments and Citizens Groups	0	235	0	0	235
Total Revenues	$ 196,259	$ 80,129	$ 90,800	$ 1,100	$ 368,288
Expenditures					
Current:					
Administration of Justice	$ 0	$ 0	$ 120,821	$ 1,100	$ 121,921
Public Health and Welfare	115,512	0	0	0	115,512
Other Operations	0	40,243	0	0	40,243
Highways	18,011	0	0	0	18,011
Debt Service:					
Principal on Debt	7,667	0	0	0	7,667
Interest on Debt	557	0	0	0	557
Capital Projects	0	0	0	0	0
Total Expenditures	$ 141,747	$ 40,243	$ 120,821	$ 1,100	$ 303,911
Excess (Deficiency) of Revenues Over Expenditures	$ 54,512	$ 39,886	$ (30,021)	$ 0	$ 64,377
Other Financing Sources (Uses)					
Transfers In	$ 0	$ 0	$ 0	$ 0	$ 0
Transfers Out	0	(17,200)	0	0	(17,200)
Total Other Financing Sources (Uses)	$ 0	$ (17,200)	$ 0	$ 0	$ (17,200)
Net Change in Fund Balances	$ 54,512	$ 22,686	$ (30,021)	$ 0	$ 47,177
Fund Balance, July 1, 2011	147,730	11,478	53,563	0	212,771
Fund Balance, June 30, 2012	$ 202,242	$ 34,164	$ 23,542	$ 0	$ 259,948

(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	Education Capital Projects	Other Capital Projects	Total	Total Nonmajor Governmental Funds
Revenues						
Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 0	$ 0	$ 143,292
Charges for Current Services	0	0	0	0	0	136,912
Other Local Revenues	0	0	567	0	567	36,976
State of Tennessee	0	0	0	0	0	51,440
Other Governments and Citizens Groups	0	0	0	0	0	235
Total Revenues	$ 0	$ 0	$ 567	$ 0	$ 567	$ 368,855
Expenditures						
Current:						
Administration of Justice	$ 0	$ 0	$ 0	$ 0	$ 0	$ 121,921
Public Health and Welfare	0	0	0	0	0	115,512
Other Operations	0	0	0	0	0	40,243
Highways	0	0	0	0	0	18,011
Debt Service:						
Principal on Debt	0	0	0	0	0	7,667
Interest on Debt	0	0	0	0	0	557
Capital Projects	236,841	0	0	94,252	331,093	331,093
Total Expenditures	$ 236,841	$ 0	$ 0	$ 94,252	$ 331,093	$ 635,004
Excess (Deficiency) of Revenues Over Expenditures	$ (236,841)	$ 0	$ 567	$ (94,252)	$ (330,526)	$ (266,149)
Other Financing Sources (Uses)						
Transfers In	$ 0	$ 0	$ 0	$ 58,740	$ 58,740	$ 58,740
Transfers Out	0	0	0	0	0	(17,200)
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 58,740	$ 58,740	$ 41,540
Net Change in Fund Balances	$ (236,841)	$ 0	$ 567	$ (35,512)	$ (271,786)	$ (224,609)
Fund Balance, July 1, 2011	182,628	5,858	147,184	9,925	345,595	558,366
Fund Balance, June 30, 2012	$ (54,213)	$ 5,858	$ 147,751	$ (25,587)	$ 73,809	$ 333,757

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, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 135,812	$ 121,000	$ 121,260	$ 14,552
Other Local Revenues	9,007	6,000	9,072	(65)
State of Tennessee	51,440	45,329	47,280	4,160
Total Revenues	$ 196,259	$ 172,329	$ 177,612	$ 18,647
Expenditures				
Public Health and Welfare				
Recycling Center	$ 106,222	$ 128,022	$ 140,191	$ 33,969
Postclosure Care Costs	9,290	20,000	18,497	9,207
Highways				
Litter and Trash Collection	18,011	15,000	18,419	408
Principal on Debt				
General Government	7,667	7,667	7,667	0
Interest on Debt				
General Government	557	418	418	(139)
Total Expenditures	$ 141,747	$ 171,107	$ 185,192	$ 43,445
Excess (Deficiency) of Revenues Over Expenditures	$ 54,512	$ 1,222	$ (7,580)	$ 62,092
Net Change in Fund Balance	$ 54,512	$ 1,222	$ (7,580)	$ 62,092
Fund Balance, July 1, 2011	147,730	106,478	106,478	41,252
Fund Balance, June 30, 2012	$ 202,242	$ 107,700	$ 98,898	$ 103,344

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, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 53,868	$ 45,000	$ 50,220	$ 3,648
Other Local Revenues	26,026	0	25,885	141
Other Governments and Citizens Groups	235	0	235	0
Total Revenues	$ 80,129	$ 45,000	$ 76,340	$ 3,789
Expenditures				
Other Operations				
Miscellaneous	$ 40,243	$ 27,500	$ 46,038	$ 5,795
Total Expenditures	$ 40,243	$ 27,500	$ 46,038	$ 5,795
Excess (Deficiency) of Revenues Over Expenditures	$ 39,886	$ 17,500	$ 30,302	$ 9,584
Other Financing Sources (Uses)				
Transfers Out	$ (17,200)	$ (4,398)	$ (17,200)	$ 0
Total Other Financing Sources (Uses)	$ (17,200)	$ (4,398)	$ (17,200)	$ 0
Net Change in Fund Balance	$ 22,686	$ 13,102	$ 13,102	$ 9,584
Fund Balance, July 1, 2011	11,478	2,434	2,434	9,044
Fund Balance, June 30, 2012	$ 34,164	$ 15,536	$ 15,536	$ 18,628

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, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,939,036	$ 1,739,540	$ 1,739,540	$ 199,496
Licenses and Permits	784	800	800	(16)
Other Local Revenues	150,053	141,372	141,372	8,681
Other Governments and Citizens Groups	2,850	0	0	2,850
Total Revenues	$ 2,092,723	$ 1,881,712	$ 1,881,712	$ 211,011
Expenditures				
Principal on Debt				
General Government	$ 1,025,109	$ 1,025,013	$ 1,025,013	$ (96)
Interest on Debt				
General Government	232,094	853,624	853,624	621,530
Other Debt Service				
General Government	193,449	200,000	200,000	6,551
Total Expenditures	$ 1,450,652	$ 2,078,637	$ 2,078,637	$ 627,985
Excess (Deficiency) of Revenues Over Expenditures	$ 642,071	$ (196,925)	$ (196,925)	$ 838,996
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 12,324	$ 12,324	$ (12,324)
Transfers Out	(32,160)	(32,160)	(32,160)	0
Total Other Financing Sources (Uses)	$ (32,160)	$ (19,836)	$ (19,836)	$ (12,324)
Net Change in Fund Balance	$ 609,911	$ (216,761)	$ (216,761)	$ 826,672
Fund Balance, July 1, 2011	641,608	626,394	626,394	15,214
Fund Balance, June 30, 2012	$ 1,251,519	$ 409,633	$ 409,633	$ 841,886

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, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,004,200	$ 1,013,000	$ 1,013,000	$ (8,800)
Other Local Revenues	297,695	59,720	59,720	237,975
Other Governments and Citizens Groups	185,773	185,773	185,773	0
Total Revenues	$ 1,487,668	$ 1,258,493	$ 1,258,493	$ 229,175
Expenditures				
Principal on Debt				
Education	$ 970,508	$ 970,510	$ 970,510	$ 2
Interest on Debt				
Education	376,393	432,893	432,893	56,500
Other Debt Service				
Education	29,678	40,000	40,000	10,322
Total Expenditures	$ 1,376,579	$ 1,443,403	$ 1,443,403	$ 66,824
Excess (Deficiency) of Revenues Over Expenditures	$ 111,089	$ (184,910)	$ (184,910)	$ 295,999
Net Change in Fund Balance	$ 111,089	$ (184,910)	$ (184,910)	$ 295,999
Fund Balance, July 1, 2011	425,664	419,933	419,933	5,731
Fund Balance, June 30, 2012	$ 536,753	$ 235,023	$ 235,023	$ 301,730

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, 2012

	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	$ 578,635	$ 0	$ 578,635
Equity in Pooled Cash and Investments	0	5,686	60,731	0	152,191	218,608
Accounts Receivable	0	0	0	93	104	197
Due from Other Governments	249,119	0	90,959	0	12,771	352,849
Property Taxes Receivable	0	488,908	897,528	0	0	1,386,436
Allowance for Uncollectible Property Taxes	0	(26,665)	(48,605)	0	0	(75,270)
Total Assets	$ 249,119	$ 467,929	$ 1,000,613	$ 578,728	$ 165,066	$ 2,461,455
LIABILITIES						
Accounts Payable	$ 0	$ 0	$ 0	$ 0	$ 1,955	$ 1,955
Payroll Deductions Payable	0	0	0	0	2,543	2,543
Due to Other Taxing Units	249,119	467,929	1,000,613	0	0	1,717,661
Due to Litigants, Heirs, and Others	0	0	0	578,728	0	578,728
Due to Joint Venture	0	0	0	0	160,568	160,568
Total Liabilities	$ 249,119	$ 467,929	$ 1,000,613	$ 578,728	$ 165,066	$ 2,461,455

Exhibit I-2

Scott County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 1,396,014	$ 1,396,014	$ 0
Due from Other Governments	237,143	249,119	237,143	249,119
Total Assets	$ 237,143	$ 1,645,133	$ 1,633,157	$ 249,119
Liabilities				
Due to Other Taxing Units	$ 237,143	$ 1,645,133	$ 1,633,157	$ 249,119
Total Liabilities	$ 237,143	$ 1,645,133	$ 1,633,157	$ 249,119
Special School District				
Assets				
Equity in Pooled Cash and Investments	$ 3,120	$ 387,418	$ 384,852	$ 5,686
Property Taxes Receivable	484,072	488,908	484,072	488,908
Allowance for Uncollectible Taxes	(31,052)	(26,665)	(31,052)	(26,665)
Total Assets	$ 456,140	$ 849,661	$ 837,872	$ 467,929
Liabilities				
Due to Other Taxing Units	$ 456,140	$ 849,661	$ 837,872	$ 467,929
Total Liabilities	$ 456,140	$ 849,661	$ 837,872	$ 467,929
City School ADA - Oneida Fund				
Assets				
Equity in Pooled Cash and Investments	$ 55,259	$ 1,335,121	$ 1,329,649	$ 60,731
Due from Other Governments	88,681	90,959	88,681	90,959
Property Taxes Receivable	882,788	897,528	882,788	897,528
Allowance for Uncollectible Taxes	(57,242)	(48,605)	(57,242)	(48,605)
Total Assets	$ 969,486	$ 2,275,003	$ 2,243,876	$ 1,000,613
Liabilities				
Due to Other Taxing Units	$ 969,486	$ 2,275,003	$ 2,243,876	$ 1,000,613
Total Liabilities	$ 969,486	$ 2,275,003	$ 2,243,876	$ 1,000,613

(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	$ 369,929	$ 3,744,831	$ 3,536,125	$ 578,635
Accounts Receivable	2,243	93	2,243	93
Total Assets	$ 372,172	$ 3,744,924	$ 3,538,368	$ 578,728
Liabilities				
Due to Litigants, Heirs, and Others	$ 372,172	$ 3,744,924	$ 3,538,368	$ 578,728
Total Liabilities	$ 372,172	$ 3,744,924	$ 3,538,368	$ 578,728
Judicial District Drug				
Assets				
Equity in Pooled Cash and Investments	$ 320,123	$ 308,998	$ 476,930	$ 152,191
Accounts Receivable	2,397	104	2,397	104
Due from Other Governments	42,167	12,771	42,167	12,771
Total Assets	$ 364,687	$ 321,873	$ 521,494	$ 165,066
Liabilities				
Accounts Payable	$ 6,322	$ 1,955	$ 6,322	$ 1,955
Payroll Deductions Payable	0	2,543	0	2,543
Due to Joint Venture	358,365	317,375	515,172	160,568
Total Liabilities	$ 364,687	$ 321,873	$ 521,494	$ 165,066
Totals - All Agency Funds				
Assets				
Cash	$ 369,929	$ 3,744,831	$ 3,536,125	$ 578,635
Equity in Pooled Cash and Investments	378,502	3,427,551	3,587,445	218,608
Account Receivables	4,640	197	4,640	197
Due from Other Governments	367,991	352,849	367,991	352,849
Property Taxes Receivable	1,366,860	1,386,436	1,366,860	1,386,436
Allowance for Uncollectible Taxes	(88,294)	(75,270)	(88,294)	(75,270)
Total Assets	$ 2,399,628	$ 8,836,594	$ 8,774,767	$ 2,461,455
Liabilities				
Accounts Payable	$ 6,322	$ 1,955	$ 6,322	$ 1,955
Payroll Deductions Payable	0	2,543	0	2,543
Due to Other Taxing Units	1,662,769	4,769,797	4,714,905	1,717,661
Due to Litigants, Heirs, and Others	372,172	3,744,924	3,538,368	578,728
Due to Joint Venture	358,365	317,375	515,172	160,568
Total Liabilities	$ 2,399,628	$ 8,836,594	$ 8,774,767	$ 2,461,455

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, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:				
Instruction	$ 14,493,867	$ 15,142	$ 1,649,635	$ (12,829,090)
Support Services	7,294,235	0	382,603	(6,911,632)
Operation of Non-Instructional Services	2,766,347	262,483	2,627,899	124,035
Interest on Long-term Debt	108,238	0	0	(108,238)
Other Debt Service	185,773	0	0	(185,773)
Total Governmental Activities	$ 24,848,460	$ 277,625	$ 4,660,137	$ (19,910,698)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				$ 1,980,924
Local Option Sales Taxes				1,258,427
Other Local Taxes				971
Grants and Contributions Not Restricted to Specific Programs				15,864,287
Unrestricted Investment Income				214
Miscellaneous				46,152
Total General Revenues				$ 19,150,975
Change in Net Assets				$ (759,723)
Net Assets, July 1, 2011				22,565,372
Net Assets, June 30, 2012				$ 21,805,649

Exhibit J-2

Scott County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Scott County School Department
June 30, 2012

	Major Funds			Total
	General Purpose School	School Federal Projects	Central Cafeteria	Govern-mental Funds
ASSETS				
Cash	$ 0	$ 0	$ 24,909	$ 24,909
Equity in Pooled Cash and Investments	4,598,455	228,082	982,116	5,808,653
Accounts Receivable	7,885	0	917	8,802
Due from Other Governments	1,091,262	480,866	0	1,572,128
Property Taxes Receivable	2,187,822	0	0	2,187,822
Allowance for Uncollectible Property Taxes	(118,480)	0	0	(118,480)
Total Assets	$ 7,766,944	$ 708,948	$ 1,007,942	$ 9,483,834
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 33,869	$ 98,259	$ 44,140	$ 176,268
Accrued Payroll	2,287,994	276,292	98,977	2,663,263
Payroll Deductions Payable	186,451	16,313	6,474	209,238
Due to State of Tennessee	4,924	962	1,139	7,025
Other Current Liabilities	231,394	25,070	0	256,464
Deferred Revenue - Current Property Taxes	1,958,104	0	0	1,958,104
Deferred Revenue - Delinquent Property Taxes	99,888	0	0	99,888
Other Deferred Revenues	930,964	0	0	930,964
Total Liabilities	$ 5,733,588	$ 416,896	$ 150,730	$ 6,301,214
Fund Balances				
Restricted:				
Restricted for Education	$ 40,339	$ 192,052	$ 857,212	$ 1,089,603
Committed:				
Committed for Education	0	100,000	0	100,000
Assigned:				
Assigned for Education	411,692	0	0	411,692
Unassigned	1,581,325	0	0	1,581,325
Total Fund Balances	$ 2,033,356	$ 292,052	$ 857,212	$ 3,182,620
Total Liabilities and Fund Balances	$ 7,766,944	$ 708,948	$ 1,007,942	$ 9,483,834

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, 2012

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)		$ 3,182,620
(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	19,655,247	
Add: other capital assets net of accumulated depreciation	1,414,696	21,980,504
(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	$ (2,308,409)	
Less: other postemployment benefits liability	(2,079,918)	(4,388,327)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,030,852
Net assets of governmental activities (Exhibit A)		$ 21,805,649

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, 2012

	Major Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total Governmental Funds
Revenues				
Local Taxes	$ 3,245,776	$ 0	$ 0	$ 3,245,776
Licenses and Permits	621	0	0	621
Charges for Current Services	15,751	0	262,483	278,234
Other Local Revenues	130,743	0	17,045	147,788
State of Tennessee	15,387,205	0	16,730	15,403,935
Federal Government	16,579	2,559,914	1,639,873	4,216,366
Total Revenues	$ 18,796,675	$ 2,559,914	$ 1,936,131	$ 23,292,720
Expenditures				
Current:				
Instruction	$ 11,969,298	$ 2,070,424	$ 0	$ 14,039,722
Support Services	6,230,138	379,095	0	6,609,233
Operation of Non-Instructional Services	1,117,706	0	1,817,839	2,935,545
Capital Outlay	66,178	0	0	66,178
Debt Service:				
Principal on Debt	61,948	0	0	61,948
Interest on Debt	108,238	0	0	108,238
Other Debt Service	185,773	0	0	185,773
Total Expenditures	$ 19,739,279	$ 2,449,519	$ 1,817,839	$ 24,006,637
Excess (Deficiency) of Revenues Over Expenditures	$ (942,604)	$ 110,395	$ 118,292	$ (713,917)
Other Financing Sources (Uses)				
Insurance Recovery	$ 19,234	$ 0	$ 0	$ 19,234
Transfers In	89	0	0	89
Transfers Out	0	(89)	0	(89)
Total Other Financing Sources (Uses)	$ 19,323	$ (89)	$ 0	$ 19,234
Net Change in Fund Balances	$ (923,281)	$ 110,306	$ 118,292	$ (694,683)
Fund Balance, July 1, 2011	2,956,637	181,746	738,920	3,877,303
Fund Balance, June 30, 2012	$ 2,033,356	$ 292,052	$ 857,212	$ 3,182,620

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, 2012

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)		$ (694,683)
(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	$ 521,620	
Less: current-year depreciation expense	(998,218)	(476,598)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	$ 1,030,852	
Less: deferred delinquent property taxes and other deferred June 30, 2011	(234,835)	796,017
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on capital leases		61,948
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		(446,407)
Change in net assets of governmental activities (Exhibit B)		$ (759,723)

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 3,245,776	$ 0	$ 3,245,776	$ 3,229,780	$ 3,229,780	$ 15,996
Licenses and Permits	621	0	621	500	500	121
Charges for Current Services	15,751	0	15,751	42,000	42,000	(26,249)
Other Local Revenues	130,743	0	130,743	0	51,211	79,532
State of Tennessee	15,387,205	0	15,387,205	16,063,744	16,401,681	(1,014,476)
Federal Government	16,579	0	16,579	5,500	5,500	11,079
Total Revenues	$ 18,796,675	$ 0	$ 18,796,675	$ 19,341,524	$ 19,730,672	$ (933,997)
Expenditures						
Instruction						
Regular Instruction Program	$ 10,175,534	$ 0	$ 10,175,534	$ 10,131,665	$ 10,329,583	$ 154,049
Alternative Instruction Program	71,760	0	71,760	77,498	77,498	5,738
Special Education Program	1,198,840	(13,873)	1,184,967	1,241,693	1,241,693	56,726
Vocational Education Program	523,164	0	523,164	637,744	562,744	39,580
Support Services						
Attendance	79,101	0	79,101	86,086	86,086	6,985
Health Services	255,018	0	255,018	147,207	262,381	7,363
Other Student Support	333,421	0	333,421	369,602	354,602	21,181
Regular Instruction Program	613,192	0	613,192	666,708	644,408	31,216
Special Education Program	182,734	0	182,734	192,206	192,206	9,472
Other Programs	112,495	0	112,495	0	112,495	0
Board of Education	393,671	0	393,671	406,712	428,241	34,570
Director of Schools	294,249	0	294,249	294,063	296,563	2,314
Office of the Principal	819,392	0	819,392	892,976	824,278	4,886

(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 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)						
Support Services (Cont.)						
Operation of Plant	$ 1,423,242	$ 0	$ 1,423,242	$ 1,501,779	$ 1,519,779	$ 96,537
Maintenance of Plant	230,917	(1,141)	229,776	230,940	236,740	6,964
Transportation	1,228,603	0	1,228,603	1,094,895	1,334,895	106,292
Central and Other	264,103	0	264,103	222,414	237,914	(26,189)
Operation of Non-Instructional Services						
Community Services	87,379	(4,105)	83,274	50,000	79,611	(3,663)
Early Childhood Education	1,030,327	(30,534)	999,793	1,045,126	1,040,376	40,583
Capital Outlay						
Regular Capital Outlay	66,178	(857)	65,321	75,000	86,000	20,679
Principal on Debt						
Education	61,948	0	61,948	61,948	61,948	0
Interest on Debt						
Education	108,238	0	108,238	108,238	108,238	0
Other Debt Service						
Education	185,773	0	185,773	185,773	185,773	0
Total Expenditures	$ 19,739,279	$ (50,510)	$ 19,688,769	$ 19,720,273	$ 20,304,052	$ 615,283
Excess (Deficiency) of Revenues Over Expenditures	$ (942,604)	$ 50,510	$ (892,094)	$ (378,749)	$ (573,380)	$ (318,714)
Other Financing Sources (Uses)						
Insurance Recovery	$ 19,234	$ 0	$ 19,234	$ 0	$ 0	$ 19,234
Transfers In	89	0	89	21,539	21,539	(21,450)
Total Other Financing Sources (Uses)	$ 19,323	$ 0	$ 19,323	$ 21,539	$ 21,539	$ (2,216)

(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 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Net Change in Fund Balance	$ (923,281)	$ 50,510	$ (872,771)	$ (357,210)	$ (551,841)	$ (320,930)
Fund Balance, July 1, 2011	2,956,637	(50,510)	2,906,127	2,473,292	2,473,292	432,835
Fund Balance, June 30, 2012	$ 2,033,356	$ 0	$ 2,033,356	$ 2,116,082	$ 1,921,451	$ 111,905

Exhibit J-7

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Scott County School Department
School Federal Projects Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Federal Government	$ 2,559,914	$ 2,492,268	$ 2,849,869	$ (289,955)
Total Revenues	$ 2,559,914	$ 2,492,268	$ 2,849,869	$ (289,955)
Expenditures				
Instruction				
Regular Instruction Program	$ 1,221,049	$ 1,382,263	$ 1,383,401	$ 162,352
Special Education Program	799,163	575,405	849,435	50,272
Vocational Education Program	50,212	45,291	50,235	23
Support Services				
Other Student Support	24,916	35,000	36,409	11,493
Regular Instruction Program	294,229	383,197	448,047	153,818
Special Education Program	16,053	30,000	30,000	13,947
Vocational Education Program	1,347	2,700	1,347	0
Maintenance of Plant	10,882	0	11,029	147
Transportation	31,668	32,973	32,973	1,305
Total Expenditures	$ 2,449,519	$ 2,486,829	$ 2,842,876	$ 393,357
Excess (Deficiency) of Revenues Over Expenditures	$ 110,395	$ 5,439	$ 6,993	$ 103,402
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 119,055	$ 21,247	$ (21,247)
Transfers Out	(89)	(124,494)	(28,240)	28,151
Total Other Financing Sources (Uses)	$ (89)	$ (5,439)	$ (6,993)	$ 6,904
Net Change in Fund Balance	$ 110,306	$ 0	$ 0	$ 110,306
Fund Balance, July 1, 2011	181,746	37,992	37,992	143,754
Fund Balance, June 30, 2012	$ 292,052	$ 37,992	$ 37,992	$ 254,060

Exhibit J-8

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Scott County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Charges for Current Services	$ 262,483	$ 0	$ 262,483	$ 279,500	$ 279,500	$ (17,017)
Other Local Revenues	17,045	0	17,045	2,300	2,300	14,745
State of Tennessee	16,730	0	16,730	16,500	16,500	230
Federal Government	1,639,873	0	1,639,873	1,165,000	1,357,169	282,704
Total Revenues	$ 1,936,131	$ 0	$ 1,936,131	$ 1,463,300	$ 1,655,469	$ 280,662
Expenditures						
Operation of Non-Instructional Services						
Food Service	$ 1,817,839	$ 39,340	$ 1,857,179	$ 1,463,300	$ 1,865,469	$ 8,290
Total Expenditures	$ 1,817,839	$ 39,340	$ 1,857,179	$ 1,463,300	$ 1,865,469	$ 8,290
Excess (Deficiency) of Revenues Over Expenditures	$ 118,292	$ (39,340)	$ 78,952	$ 0	$ (210,000)	$ 288,952
Net Change in Fund Balance	$ 118,292	$ (39,340)	$ 78,952	$ 0	$ (210,000)	$ 288,952
Fund Balance, July 1, 2011	738,920	0	738,920	697,749	697,749	41,171
Fund Balance, June 30, 2012	$ 857,212	$ (39,340)	$ 817,872	$ 697,749	$ 487,749	$ 330,123

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, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Paid and/or Matured During Period	Outstanding 6-30-12
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
NOTES PAYABLE							
Payable through Highway/Public Works Fund							
Equipment	$ 301,812	3.7 %	5-20-03	5-20-15	$ 100,604	$ 25,152	$ 75,452
Equipment	136,500	3.5	5-21-03	5-21-12	15,166	15,166	0
Bridge Replacement/Equipment	300,000	4.99	8-30-05	6-30-17	150,000	25,000	125,000
Road Resurface/Guardrails	300,000	4.77	9-15-06	9-15-13	100,334	33,333	67,001
Road Resurface	300,000	3.98	12-5-07	12-1-16	199,998	33,334	166,664
Asphalt	200,000	3.33	1-9-09	1-10-15 (1)	133,333	33,333	100,000
Road Resurface	600,000	3.57	8-31-09	8-28-12	533,333	66,667	466,666
Total Payable through Highway/Public Works Fund					$ 1,232,768	$ 231,985	$ 1,000,783
Payable through General Debt Service Fund							
Public Works (Waterlines)	250,000	2.7	5-20-03	5-20-15	$ 83,333	$ 20,833	$ 62,500
Various Projects	230,000	3.57	6-3-04	12-30-12	50,334	25,666	24,668
Various Projects	300,000	4.6	5-31-05	5-31-14	99,996	33,334	66,662
Airport Improvements	125,000	4.74	11-30-05	11-30-17	72,915	10,417	62,498
Bleachers/Other School Projects	325,000	5	5-17-06	5-30-18	189,583	27,083	162,500
Scott High Gym and Oneida High Bus	149,500	3.59	4-4-07	4-4-13	83,056	16,611	66,445
Vehicles, Equipment, Guard Rails	169,191	3.59	6-19-07	4-4-13	93,995	18,799	75,196
Highway Equipment	212,300	4.9	6-19-07	6-19-19	141,532	17,692	123,840
Police Vehicles and Equipment	106,618	3.26	9-25-08	9-25-13 (2)	63,970	21,422	42,548
Aviation Projects	434,103	3.596	2-9-10	2-5-13	397,928	36,175	361,753
Public Works (Mowing Tractors)	54,957	3.85	6-4-10	6-4-13	36,638	18,319	18,319
Total Payable through General Debt Service Fund					$ 1,313,280	$ 246,351	$ 1,066,929
Payable through Solid Waste/Sanitation Fund							
Solid Waste Disposal	70,000	3.57	6-3-04	12-30-12	$ 16,331	$ 7,667	$ 8,664
Total Payable through Solid Waste/Sanitation Fund					$ 16,331	$ 7,667	$ 8,664

(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 7-1-11	Paid and/or Matured During Period	Outstanding 6-30-12
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	$ 106,680	$ 35,560	$ 71,120
Transportation Equipment	471,760	4.05	8-29-05	8-29-14	212,223	49,932	162,291
Winfield Construction Project	388,182	4.99	8-24-05	6-24-17	194,091	32,348	161,743
Winfield Construction Project	278,277	4.74	11-30-05	11-30-17	162,327	23,190	139,137
Scott High Construction Projects	190,579	4.9	6-19-07	12-4-15	105,878	21,175	84,703
Transportation Equipment	518,096	4.88	8-28-06	8-28-18	345,396	43,175	302,221
Huntsville Elementary and Technology Center Roof Projects	245,570	3.72	6-2-08	6-2-17	163,712	27,286	136,426
Total Payable through Rural Debt Service Fund					$ 1,290,307	$ 232,666	$ 1,057,641
Total Notes Payable					$ 3,852,686	$ 718,669	$ 3,134,017
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	$ 547,900	$ 43,600	$ 504,300
Justice Center	(3)	Varies	2-27-07	5-25-34	8,551,490	208,000	8,343,490
School Renovations and Improvements	13,940,000	Varies	12-15-09	5-25-35	13,648,000	307,000	13,341,000
Total Payable through General Debt Service Fund					$ 22,747,390	$ 558,600	$ 22,188,790
Payable through Rural Debt Service Fund							
Various Schools Projects	3,000,000	Varies	10-2-03	5-25-23	$ 2,095,000	$ 146,000	$ 1,949,000
Total Payable through Rural Debt Service Fund					$ 2,095,000	$ 146,000	$ 1,949,000
Total Other Loans Payable					$ 24,842,390	$ 704,600	$ 24,137,790

(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 7-1-11	Paid and/or Matured During Period	Outstanding 6-30-12
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	$ 149,000	$ 22,000	$ 127,000
Refunding	3,093,784	1.1 to 3.55	10-21-03	6-1-15	420,757	158,158	262,599
General Obligation Bonds, Series 2004	650,000	4 to 4.7	12-30-04	5-1-35	570,000	15,000	555,000
General Obligation Bonds, Series 2008	1,250,000	3 to 4.5	2-14-08	6-1-28	1,175,000	25,000	1,150,000
Total Payable through General Debt Service Fund					$ 2,314,757	$ 220,158	$ 2,094,599
Payable through Rural Debt Service Fund							
Refunding	6,630,000	3.65 to 4.5	11-1-1998	4-1-14	$ 1,785,000	$ 570,000	$ 1,215,000
Refunding	413,851	1.1 to 3.3	10-21-03	6-1-13	34,243	21,842	12,401
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					$ 7,194,243	$ 591,842	$ 6,602,401
Total Bonds Payable					$ 9,509,000	$ 812,000	$ 8,697,000

(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 7-1-11	Paid and/or Matured During Period	Outstanding 6-30-12
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	$ 243,930	$ 3,241	$ 240,689
General Obligation Bonds - Refunding	490,000	1.1 to 4.7	10-21-03	6-1-27	405,000	15,000	390,000
Total Bonds Payable					$ 648,930	$ 18,241	$ 630,689
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	$ 2,370,357	$ 61,948	$ 2,308,409
Total Capital Leases					$ 2,370,357	$ 61,948	$ 2,308,409

(1) This note had an original maturity date of January 10, 2012, but the county refinanced it during the current year to extend the maturity date until January 10, 2015.
(2) This note had an original maturity date of September 25, 2011, but the county refinanced it during the current year to extend the maturity date until September 25, 2013.
(3) The total amount approved for draws under this loan agreement is $10 million, of which $710,510 had not been drawn as of June 30, 2012.

Exhibit K-2

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

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	$ 1,537,216	$ 114,949	$ 1,652,165
2014	517,856	65,558	583,414
2015	396,316	45,952	442,268
2016	260,701	29,662	290,363
2017	239,515	17,847	257,362
2018	121,550	7,193	128,743
2019	60,863	1,920	62,783
Total	$ 3,134,017	$ 283,081	$ 3,417,098

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	$ 736,700	$ 115,795	$ 198,012	$ 1,050,507
2014	771,000	112,273	192,213	1,075,486
2015	807,400	108,587	186,141	1,102,128
2016	845,000	104,725	179,779	1,129,504
2017	883,600	100,683	173,115	1,157,398
2018	924,400	96,456	166,144	1,187,000
2019	967,300	92,032	158,844	1,218,176
2020	1,013,400	87,403	151,201	1,252,004
2021	1,059,500	82,551	143,190	1,285,241
2022	1,038,000	77,478	134,805	1,250,283
2023	1,087,000	72,557	126,578	1,286,135
2024	925,000	67,403	117,958	1,110,361
2025	970,000	62,965	110,275	1,143,240

(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	$ 58,311	$ 102,218	$ 1,179,529
2027	1,071,000	53,422	93,755	1,218,177
2028	1,123,000	48,284	84,860	1,256,144
2029	1,180,000	42,896	75,533	1,298,429
2030	1,239,000	37,234	65,733	1,341,967
2031	1,301,000	31,290	55,443	1,387,733
2032	1,366,000	25,048	44,638	1,435,686
2033	1,434,000	18,494	33,291	1,485,785
2034	1,434,490	11,614	21,383	1,467,487
2035	942,000	4,710	9,304	956,014
Total	$ 24,137,790	$ 1,512,211	$ 2,624,413	$ 28,274,414

Year Ending June 30	Bonds Principal	Interest	Total
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	$ 8,697,000	$ 3,840,234	$ 12,537,234

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Bonds Principal	Interest	Total
2013	$ 23,410	$ 26,830	$ 50,240
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	$ 630,689	$ 362,850	$ 993,539

DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases Principal	Interest	Total
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	$ 2,308,409	$ 988,576	$ 3,296,985

Exhibit K-3

Scott County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Scott County School Department
For the Year Ended June 30, 2012

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
Ambulance	General	Operations	$ 250,000
Drug Control	"	Vehicle Purchase	17,200
Highway/Public Works	Other Capital Projects	Road Resurfacing Project	58,740
General Debt Service	Public Utility	Debt Retirement	32,160
Total Transfers Primary Government			$ 358,100
DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect Costs	$ 89
Total Transfers Discretely Presented Scott County School Department			$ 89

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, 2012

Official	Authorization of Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, *TCA*	$ 66,702	$ 50,000	RLI Insurance Company
Superintendent of Roads	Section 8-24-102, *TCA*	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	81,000 (1)	50,000	"
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	Section 8-24-102, *TCA*	63,532	50,000	"
Director of Finance:				
Carol Lowe (7-1-11 through 1-17-12)	Board of County Commissioners	34,890 (4)	50,000	"
Brian Strunk (1-18-12 through 6-30-12)	Board of County Commissioners	23,602	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 chief executive officer training supplement of $1,000.
(2) Does not include special commissioner fees of $750.
(3) Does not include special commissioner fees of $350.
(4) Includes accumulated vacation pay of $3,078.

Exhibit K-5

Scott County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2012

		Special Revenue Funds			
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	District Attorney General
Local Taxes					
County Property Taxes					
Current Property Tax	$ 1,610,392	$ 0	$ 0	$ 0	$ 0
Discount on Property Taxes	(14,838)	0	0	0	0
Trustee's Collections - Prior Year	102,820	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	91,253	0	0	0	0
Interest and Penalty	20,843	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	157,930	0	0	0	0
County Local Option Taxes					
Local Option Sales Tax	267,043	0	0	0	0
Hotel/Motel Tax	55,086	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	32,288	0	0	0	0
Litigation Tax - Special Purpose	94,745	0	0	0	0
Business Tax	125,043	0	0	0	0
Statutory Local Taxes					
Bank Excise Tax	73,253	0	0	0	0
Wholesale Beer Tax	78,502	0	0	0	0
Interstate Telecommunications Tax	992	0	0	0	0
Total Local Taxes	$ 2,695,352	$ 0	$ 0	$ 0	$ 0
Licenses and Permits					
Licenses					
Marriage Licenses	$ 0	$ 0	$ 0	$ 0	$ 0
Cable TV Franchise	25,764	0	0	0	0
Permits					
Beer Permits	380	0	0	0	0
Total Licenses and Permits	$ 26,144	$ 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
Fines, Forfeitures, and Penalties					
Circuit Court					
Fines	$ 30,703	$ 0	$ 0	$ 0	$ 0
Officers Costs	6,398	0	0	0	0
Drug Control Fines	0	0	0	26,172	0
Data Entry Fee - Circuit Court	624	0	0	0	0
Criminal Court					
District Attorney General Fees	0	0	0	0	5,266
General Sessions Court					
Fines	84,658	0	0	0	0
Officers Costs	15,333	0	0	0	0
Game and Fish Fines	155	0	0	0	0
Drug Control Fines	0	0	0	10,666	0
Drug Court Fees	5,344	0	0	0	0
Jail Fees	2,722	0	0	0	0
District Attorney General Fees	0	0	0	0	84,158
Data Entry Fee - General Sessions Court	2,065	0	0	0	0
Chancery Court					
Officers Costs	8,279	0	0	0	0
Data Entry Fee - Chancery Court	1,574	0	0	0	0
Judicial District Drug Program					
Drug Task Force Forfeitures and Seizures	0	0	0	1,478	0
Other Fines, Forfeitures, and Penalties					
Proceeds from Confiscated Property	75	0	0	0	0
Other Fines, Forfeitures, and Penalties	0	0	0	15,552	0
Total Fines, Forfeitures, and Penalties	$ 157,930	$ 0	$ 0	$ 53,868	$ 89,424
Charges for Current Services					
General Service Charges					
Convenience Waste Centers Collection Charge	$ 0	$ 1,595	$ 0	$ 0	$ 0
Surcharge - Host Agency	0	134,217	0	0	0
Patient Charges	0	0	2,232,711	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
Charges for Current Services (Cont.)					
General Service Charges (Cont.)					
Other General Service Charges	$ 5,543	$ 0	$ 0	$ 0	$ 0
Fees					
Airport Fees	371,666	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	6,024	0	0	0	0
Probation Fees	28,201	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,650	0	0	0	0
Data Processing Fee - County Clerk	1,268	0	0	0	0
Total Charges for Current Services	$ 417,352	$ 135,812	$ 2,232,711	$ 0	$ 0
Other Local Revenues					
Recurring Items					
Investment Income	$ 133,558	$ 0	$ 0	$ 0	$ 0
Lease/Rentals	1,750,437	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0
Commissary Sales	21,884	0	0	0	0
Sale of Gasoline	34,372	0	0	0	0
Sale of Maps	3,049	0	0	0	0
Sale of Recycled Materials	0	7,485	0	0	0
Miscellaneous Refunds	297,431	1,522	2,512	8,301	1,301
Nonrecurring Items					
Sale of Equipment	4,866	0	1,406	17,725	0
Contributions and Gifts	187,165	0	0	0	75
Other Local Revenues					
Other Local Revenues	0	0	0	0	0
Total Other Local Revenues	$ 2,432,762	$ 9,007	$ 3,918	$ 26,026	$ 1,376
Fees Received from County Officials					
Fees in-Lieu-of Salary					
County Clerk	$ 177,134	$ 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
Fees Received from County Officials (Cont.)					
Fees in-Lieu-of Salary (Cont.)					
Circuit Court Clerk	$ 86,073	$ 0	$ 0	$ 0	$ 0
General Sessions Court Clerk	107,253	0	0	0	0
Clerk and Master	62,609	0	0	0	0
Register	80,683	0	0	0	0
Sheriff	14,930	0	0	0	0
Trustee	293,580	0	0	0	0
Total Fees Received from County Officials	$ 822,262	$ 0	$ 0	$ 0	$ 0
State of Tennessee					
General Government Grants					
Juvenile Services Program	$ 9,000	$ 0	$ 0	$ 0	$ 0
Solid Waste Grants	0	4,603	0	0	0
On-Behalf Contributions for OPEB	6,390	0	0	0	0
Public Safety Grants					
Law Enforcement Training Programs	10,800	0	0	0	0
Drug Control Grants	3,154	0	0	0	0
Public Works Grants					
Litter Program	0	46,837	0	0	0
Other State Revenues					
Flood Control	99	0	0	0	0
Income Tax	4,305	0	0	0	0
Beer Tax	18,421	0	0	0	0
Alcoholic Beverage Tax	49,497	0	0	0	0
State Revenue Sharing - T.V.A.	568,804	0	0	0	0
Emergency Hospital - Prisoners	12,977	0	0	0	0
Contracted Prisoner Boarding	879,550	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	202,624	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
State of Tennessee (Cont.)					
Other State Revenues (Cont.)					
Other State Revenues	$ 189,545	$ 0	$ 0	$ 0	$ 0
Total State of Tennessee	$ 1,970,330	$ 51,440	$ 0	$ 0	$ 0
Federal Government					
Federal Through State					
Disaster Relief	$ 0	$ 0	$ 0	$ 0	$ 0
Homeland Security Grants	51,692	0	0	0	0
Other Federal through State	48,551	0	0	0	0
Direct Federal Revenue					
Energy Grant	87,568	0	0	0	0
Other Direct Federal Revenue	18,954	0	0	0	0
Total Federal Government	$ 206,765	$ 0	$ 0	$ 0	$ 0
Other Governments and Citizens Groups					
Other Governments					
Prisoner Board	$ 56,695	$ 0	$ 0	$ 0	$ 0
Contributions	0	0	1,000	0	0
Citizens Groups					
Donations	0	0	0	235	0
Total Other Governments and Citizens Groups	$ 56,695	$ 0	$ 1,000	$ 235	$ 0
Total	$ 8,785,592	$ 196,259	$ 2,237,629	$ 80,129	$ 90,800

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Total
Local Taxes						
County Property Taxes						
Current Property Tax	$ 0	$ 0	$ 1,463,407	$ 696,549	$ 0	$ 3,770,348
Discount on Property Taxes	0	0	(15,398)	(7,147)	0	(37,383)
Trustee's Collections - Prior Year	0	0	105,341	55,566	0	263,727
Circuit/Clerk & Master Collections - Prior Years	0	0	35,242	56,341	0	182,836
Interest and Penalty	0	0	21,385	11,159	0	53,387
Payments in-Lieu-of Taxes - Local Utilities	0	0	207,779	91,732	0	299,511
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	157,930
County Local Option Taxes						
Local Option Sales Tax	0	0	0	100,000	0	367,043
Hotel/Motel Tax	0	0	0	0	0	55,086
Wheel Tax	0	0	121,280	0	0	121,280
Litigation Tax - General	0	0	0	0	0	32,288
Litigation Tax - Special Purpose	0	0	0	0	0	94,745
Business Tax	0	0	0	0	0	125,043
Statutory Local Taxes						
Bank Excise Tax	0	0	0	0	0	73,253
Wholesale Beer Tax	0	0	0	0	0	78,502
Interstate Telecommunications Tax	0	0	0	0	0	992
Total Local Taxes	$ 0	$ 0	$ 1,939,036	$ 1,004,200	$ 0	$ 5,638,588
Licenses and Permits						
Licenses						
Marriage Licenses	$ 0	$ 0	$ 784	$ 0	$ 0	$ 784
Cable TV Franchise	0	0	0	0	0	25,764
Permits						
Beer Permits	0	0	0	0	0	380
Total Licenses and Permits	$ 0	$ 0	$ 784	$ 0	$ 0	$ 26,928

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Total
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 0	$ 0	$ 0	$ 0	$ 0	$ 30,703
Officers Costs	0	0	0	0	0	6,398
Drug Control Fines	0	0	0	0	0	26,172
Data Entry Fee - Circuit Court	0	0	0	0	0	624
Criminal Court						
District Attorney General Fees	0	0	0	0	0	5,266
General Sessions Court						
Fines	0	0	0	0	0	84,658
Officers Costs	0	0	0	0	0	15,333
Game and Fish Fines	0	0	0	0	0	155
Drug Control Fines	0	0	0	0	0	10,666
Drug Court Fees	0	0	0	0	0	5,344
Jail Fees	0	0	0	0	0	2,722
District Attorney General Fees	0	0	0	0	0	84,158
Data Entry Fee - General Sessions Court	0	0	0	0	0	2,065
Chancery Court						
Officers Costs	0	0	0	0	0	8,279
Data Entry Fee - Chancery Court	0	0	0	0	0	1,574
Judicial District Drug Program						
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	1,478
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	0	0	0	75
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	15,552
Total Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 0	$ 0	$ 301,222
Charges for Current Services						
General Service Charges						
Convenience Waste Centers Collection Charge	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,595
Surcharge - Host Agency	0	0	0	0	0	134,217
Patient Charges	0	0	0	0	0	2,232,711

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Total
Charges for Current Services (Cont.)						
General Service Charges (Cont.)						
Other General Service Charges	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5,543
Fees						
Airport Fees	0	0	0	0	0	371,666
Special Commissioner Fees/Special Master Fees	1,100	0	0	0	0	1,100
Data Processing Fee - Register	0	0	0	0	0	6,024
Probation Fees	0	0	0	0	0	28,201
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	4,650
Data Processing Fee - County Clerk	0	0	0	0	0	1,268
Total Charges for Current Services	$ 1,100	$ 0	$ 0	$ 0	$ 0	$ 2,786,975
Other Local Revenues						
Recurring Items						
Investment Income	$ 0	$ 0	$ 0	$ 297,695	$ 567	$ 431,820
Lease/Rentals	0	0	150,053	0	0	1,900,490
Sale of Materials and Supplies	0	3,444	0	0	0	3,444
Commissary Sales	0	0	0	0	0	21,884
Sale of Gasoline	0	0	0	0	0	34,372
Sale of Maps	0	0	0	0	0	3,049
Sale of Recycled Materials	0	0	0	0	0	7,485
Miscellaneous Refunds	0	9,876	0	0	0	320,943
Nonrecurring Items						
Sale of Equipment	0	22,711	0	0	0	46,708
Contributions and Gifts	0	0	0	0	0	187,240
Other Local Revenues						
Other Local Revenues	0	2,915	0	0	0	2,915
Total Other Local Revenues	$ 0	$ 38,946	$ 150,053	$ 297,695	$ 567	$ 2,960,350
Fees Received from County Officials						
Fees in-Lieu-of Salary						
County Clerk	$ 0	$ 0	$ 0	$ 0	$ 0	$ 177,134

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Total
Fees Received from County Officials (Cont.)						
Fees in-Lieu-of Salary (Cont.)						
Circuit Court Clerk	$ 0	$ 0	$ 0	$ 0	$ 0	$ 86,073
General Sessions Court Clerk	0	0	0	0	0	107,253
Clerk and Master	0	0	0	0	0	62,609
Register	0	0	0	0	0	80,683
Sheriff	0	0	0	0	0	14,930
Trustee	0	0	0	0	0	293,580
Total Fees Received from County Officials	$ 0	$ 0	$ 0	$ 0	$ 0	$ 822,262
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,000
Solid Waste Grants	0	0	0	0	0	4,603
On-Behalf Contributions for OPEB	0	0	0	0	0	6,390
Public Safety Grants						
Law Enforcement Training Programs	0	0	0	0	0	10,800
Drug Control Grants	0	0	0	0	0	3,154
Public Works Grants						
Litter Program	0	0	0	0	0	46,837
Other State Revenues						
Flood Control	0	0	0	0	0	99
Income Tax	0	0	0	0	0	4,305
Beer Tax	0	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	0	49,497
State Revenue Sharing - T.V.A.	0	0	0	0	0	568,804
Emergency Hospital - Prisoners	0	0	0	0	0	12,977
Contracted Prisoner Boarding	0	0	0	0	0	879,550
Gasoline and Motor Fuel Tax	0	1,723,763	0	0	0	1,723,763
Petroleum Special Tax	0	16,038	0	0	0	16,038
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	17,499	0	0	0	220,123

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Capital Projects	Total
State of Tennessee (Cont.)						
Other State Revenues (Cont.)						
Other State Revenues	$ 0	$ 75,460	$ 0	$ 0	$ 0	$ 265,005
Total State of Tennessee	$ 0	$ 1,832,760	$ 0	$ 0	$ 0	$ 3,854,530
Federal Government						
Federal Through State						
Disaster Relief	$ 0	$ 434,396	$ 0	$ 0	$ 0	$ 434,396
Homeland Security Grants	0	0	0	0	0	51,692
Other Federal through State	0	0	0	0	0	48,551
Direct Federal Revenue						
Energy Grant	0	0	0	0	0	87,568
Other Direct Federal Revenue	0	0	0	0	0	18,954
Total Federal Government	$ 0	$ 434,396	$ 0	$ 0	$ 0	$ 641,161
Other Governments and Citizens Groups						
Other Governments						
Prisoner Board	$ 0	$ 0	$ 0	$ 0	$ 0	$ 56,695
Contributions	0	0	2,850	185,773	0	189,623
Citizens Groups						
Donations	0	0	0	0	0	235
Total Other Governments and Citizens Groups	$ 0	$ 0	$ 2,850	$ 185,773	$ 0	$ 246,553
Total	$ 1,100	$ 2,306,102	$ 2,092,723	$ 1,487,668	$ 567	$ 17,278,569

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 1,546,858	$ 0	$ 0	$ 1,546,858
Discount on Property Taxes	(16,142)	0	0	(16,142)
Trustee's Collections - Prior Year	110,467	0	0	110,467
Circuit/Clerk & Master Collections - Prior Years	103,124	0	0	103,124
Interest and Penalty	22,451	0	0	22,451
Payments in-Lieu-of Taxes - Local Utilities	219,620	0	0	219,620
County Local Option Taxes				
Local Option Sales Tax	1,258,427	0	0	1,258,427
Statutory Local Taxes				
Interstate Telecommunications Tax	971	0	0	971
Total Local Taxes	$ 3,245,776	$ 0	$ 0	$ 3,245,776
Licenses and Permits				
Licenses				
Marriage Licenses	$ 621	$ 0	$ 0	$ 621
Total Licenses and Permits	$ 621	$ 0	$ 0	$ 621
Charges for Current Services				
Fees				
Constitutional Officers' Fees and Commissions	$ 609	$ 0	$ 0	$ 609
Education Charges				
Lunch Payments - Children	0	0	151,222	151,222
Lunch Payments - Adults	0	0	37,235	37,235
Income from Breakfast	0	0	20,296	20,296
Special Milk Sales	0	0	2,977	2,977
A la carte Sales	0	0	13,114	13,114
Other Charges for Services				
Other Charges for Services	15,142	0	37,639	52,781
Total Charges for Current Services	$ 15,751	$ 0	$ 262,483	$ 278,234
Other Local Revenues				
Recurring Items				
Investment Income	$ 214	$ 0	$ 1,559	$ 1,773
Refund of Telecommunication & Internet Fees (E-Rate)	100,472	0	0	100,472
Miscellaneous Refunds	17,366	0	80	17,446
Nonrecurring Items				
Sale of Equipment	12,536	0	15,406	27,942
Other Local Revenues				
Other Local Revenues	155	0	0	155
Total Other Local Revenues	$ 130,743	$ 0	$ 17,045	$ 147,788
State of Tennessee				
General Government Grants				
On-Behalf Contributions for OPEB	$ 112,495	$ 0	$ 0	$ 112,495
State Education Funds				
Basic Education Program	14,593,000	0	0	14,593,000
Early Childhood Education	271,728	0	0	271,728
School Food Service	0	0	16,730	16,730

(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.)				
Driver Education	$ 11,450	$ 0	$ 0	$ 11,450
Other State Education Funds	57,013	0	0	57,013
Statewide Student Management System (SSMS) - ARRA	7,748	0	0	7,748
Career Ladder Program	115,637	0	0	115,637
Career Ladder - Extended Contract	36,914	0	0	36,914
Other State Revenues				
State Revenue Sharing - T.V.A.	104,000	0	0	104,000
Other State Grants	77,220	0	0	77,220
Total State of Tennessee	$ 15,387,205	$ 0	$ 16,730	$ 15,403,935
Federal Government				
Federal Through State				
USDA School Lunch Program	$ 0	$ 0	$ 1,010,438	$ 1,010,438
USDA - Commodities	0	0	80,669	80,669
Breakfast	0	0	396,416	396,416
USDA - Other	0	0	109,350	109,350
USDA Food Service Equipment Grant - ARRA	0	0	43,000	43,000
Vocational Education - Basic Grants to States	0	58,491	0	58,491
Title I Grants to Local Education Agencies	0	1,082,590	0	1,082,590
Special Education - Grants to States	5,550	858,496	0	864,046
Special Education Preschool Grants	0	21,146	0	21,146
Rural Education	0	84,076	0	84,076
Eisenhower Professional Development State Grants	0	205,529	0	205,529
Race-to-the-Top - ARRA	0	249,586	0	249,586
Other Federal through State	11,029	0	0	11,029
Total Federal Government	$ 16,579	$ 2,559,914	$ 1,639,873	$ 4,216,366
Total	$ 18,796,675	$ 2,559,914	$ 1,936,131	$ 23,292,720

Exhibit K-7

Scott County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund				
General Government				
County Commission				
Board and Committee Members Fees	$	88,497		
Social Security		5,496		
State Retirement		2,187		
Employer Medicare		1,286		
Audit Services		6,668		
Contracts with Other Public Agencies		2,802		
Contributions		3,872		
Dues and Memberships		6,813		
Evaluation and Testing		1,773		
Other Contracted Services		6,532		
Other Supplies and Materials		3,648		
Premiums on Corporate Surety Bonds		13		
Other Charges		9,745		
Total County Commission			$	139,332
County Mayor/Executive				
County Official/Administrative Officer	$	66,702		
Secretary(ies)		26,978		
Clerical Personnel		20,477		
Maintenance Personnel		59		
Social Security		7,007		
State Retirement		7,922		
Employer Medicare		1,639		
Communication		12,963		
Legal Notices, Recording, and Court Costs		1,292		
Travel		1,888		
Other Contracted Services		6,133		
Office Supplies		2,224		
Other Charges		1,381		
Total County Mayor/Executive				156,665
County Attorney				
County Official/Administrative Officer	$	46,000		
Social Security		2,852		
State Retirement		3,192		
Employer Medicare		667		
Communication		1,369		
Total County Attorney				54,080

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
General Government (Cont.)				
Election Commission				
County Official/Administrative Officer	$	53,975		
Deputy(ies)		19,094		
Other Salaries and Wages		440		
Election Commission		18,000		
Election Workers		25,159		
Social Security		5,108		
State Retirement		5,046		
Employer Medicare		1,195		
Communication		3,510		
Contracts with Government Agencies		8,721		
Data Processing Services		15,920		
Dues and Memberships		575		
Legal Notices, Recording, and Court Costs		3,434		
Maintenance and Repair Services - Office Equipment		315		
Postal Charges		5,380		
Printing, Stationery, and Forms		1,926		
Travel		11,757		
Office Supplies		4,295		
Other Supplies and Materials		1,079		
Office Equipment		1,304		
Total Election Commission			$	186,233
Register of Deeds				
County Official/Administrative Officer	$	57,751		
Deputy(ies)		26,986		
Part-time Personnel		4,534		
Other Salaries and Wages		18,517		
Social Security		6,447		
State Retirement		7,166		
Employer Medicare		1,508		
Communication		1,745		
Maintenance and Repair Services - Office Equipment		2,977		
Printing, Stationery, and Forms		4,773		
Other Contracted Services		2,790		
Office Supplies		2,341		
Total Register of Deeds				137,535
County Buildings				
Mechanic(s)	$	24,300		
Custodial Personnel		41,543		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
General Government (Cont.)				
County Buildings (Cont.)				
Maintenance Personnel	$	22,150		
Overtime Pay		179		
Other Salaries and Wages		24,300		
Social Security		5,984		
State Retirement		7,806		
Employer Medicare		1,400		
Maintenance and Repair Services - Buildings		51,444		
Maintenance and Repair Services - Equipment		194		
Maintenance and Repair Services - Office Equipment		3,367		
Maintenance and Repair Services - Vehicles		20,518		
Pest Control		142		
Other Contracted Services		12,981		
Custodial Supplies		9,842		
Electricity		166,928		
Gasoline		5,477		
Natural Gas		40,562		
Office Supplies		218		
Road Signs		697		
Water and Sewer		49,851		
Other Supplies and Materials		21,847		
Other Charges		5,690		
Maintenance Equipment		18		
Motor Vehicles		5,700		
Total County Buildings			$	523,138
Finance				
Accounting and Budgeting				
Supervisor/Director	$	58,492		
Data Processing Personnel		133,877		
Part-time Personnel		1,504		
Social Security		11,583		
State Retirement		13,351		
Employer Medicare		2,709		
Communication		5,906		
Data Processing Services		9,751		
Travel		622		
Office Supplies		8,956		
Total Accounting and Budgeting				246,751

(Continued)

Exhibit K-7

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

General Fund (Cont.)			
Finance (Cont.)			
Property Assessor's Office			
County Official/Administrative Officer	$ 57,751		
Assistant(s)	48,781		
Deputy(ies)	26,986		
Part-time Personnel	11,924		
Board and Committee Members Fees	3,700		
Social Security	8,903		
State Retirement	9,266		
Employer Medicare	2,082		
Communication	2,527		
Data Processing Services	7,934		
Dues and Memberships	1,320		
Licenses	18		
Maintenance and Repair Services - Vehicles	178		
Travel	3,995		
Other Contracted Services	2,927		
Office Supplies	2,758		
Other Supplies and Materials	338		
Motor Vehicles	4,700		
Total Property Assessor's Office		$	196,088
County Trustee's Office			
County Official/Administrative Officer	$ 57,751		
Assistant(s)	4,308		
Deputy(ies)	26,986		
Other Salaries and Wages	24,910		
Social Security	6,411		
State Retirement	7,609		
Employer Medicare	1,499		
Communication	1,676		
Contracts with Other Public Agencies	4,543		
Data Processing Services	4,375		
Travel	1,293		
Office Supplies	1,842		
Data Processing Equipment	4,291		
Total County Trustee's Office			147,494
County Clerk's Office			
County Official/Administrative Officer	$ 57,751		
Assistant(s)	50,073		
Deputy(ies)	26,986		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Finance (Cont.)				
County Clerk's Office (Cont.)				
Temporary Personnel	$	4,979		
Other Salaries and Wages		20,758		
Social Security		9,373		
State Retirement		10,781		
Employer Medicare		2,192		
Communication		2,901		
Maintenance and Repair Services - Buildings		6,144		
Printing, Stationery, and Forms		1,717		
Travel		254		
Other Contracted Services		8,690		
Office Supplies		2,735		
Office Equipment		249		
Total County Clerk's Office			$	205,583
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	57,751		
Assistant(s)		27,986		
Deputy(ies)		90,710		
Part-time Personnel		11,195		
Jury and Witness Expense		6,231		
Social Security		11,265		
State Retirement		12,245		
Employer Medicare		2,635		
Communication		3,162		
Data Processing Services		10,029		
Printing, Stationery, and Forms		1,870		
Office Supplies		4,259		
Other Charges		696		
Data Processing Equipment		7,118		
Total Circuit Court				247,152
General Sessions Court				
Judge(s)	$	106,065		
Assistant(s)		51,144		
Salary Supplements		10,200		
Secretary(ies)		20,520		
Clerical Personnel		19,885		
Part-time Personnel		16,157		
Board and Committee Members Fees		6,000		

(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 (Cont.)				
Social Security	$	14,215		
State Retirement		14,839		
Employer Medicare		3,324		
Communication		3,665		
Travel		432		
Other Contracted Services		4,400		
Office Supplies		597		
Other Supplies and Materials		26,459		
Total General Sessions Court			$	297,902
Chancery Court				
County Official/Administrative Officer	$	57,751		
Deputy(ies)		26,978		
Other Salaries and Wages		21,276		
Social Security		6,531		
State Retirement		7,511		
Employer Medicare		1,528		
Communication		1,960		
Data Processing Services		966		
Maintenance and Repair Services - Office Equipment		372		
Printing, Stationery, and Forms		96		
Office Supplies		582		
Total Chancery Court				125,551
District Attorney General				
Other Contracted Services	$	2,949		
Library Books/Media		203		
Other Supplies and Materials		12,670		
Other Charges		22,677		
Total District Attorney General				38,499
Public Safety				
Sheriff's Department				
County Official/Administrative Officer	$	63,532		
Deputy(ies)		818,391		
Secretary(ies)		40,673		
Overtime Pay		7,310		
Social Security		56,366		
State Retirement		62,062		
Employer Medicare		13,182		

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Sheriff's Department (Cont.)		
Communication	$ 28,500	
Dues and Memberships	1,800	
Licenses	104	
Maintenance and Repair Services - Vehicles	82,994	
Medical and Dental Services	165	
Printing, Stationery, and Forms	136	
Tow-in Services	3,449	
Travel	5,573	
Tuition	6,106	
Other Contracted Services	9,479	
Gasoline	141,781	
Law Enforcement Supplies	5,873	
Office Supplies	7,214	
Tires and Tubes	17,153	
Uniforms	10,531	
Other Supplies and Materials	16,897	
Liability Insurance	35,929	
Workers' Compensation Insurance	64,288	
Liability Claims	1,000	
Other Charges	4,401	
Motor Vehicles	56,750	
Office Equipment	5,619	
Total Sheriff's Department		$ 1,567,258
Administration of the Sexual Offender Registry		
Other Charges	$ 746	
Total Administration of the Sexual Offender Registry		746
Jail		
Deputy(ies)	$ 566,576	
Dispatchers/Radio Operators	232,027	
Social Security	48,870	
State Retirement	53,641	
Employer Medicare	11,429	
Medical and Dental Services	235,035	
Travel	5,283	
Remittance of Revenue Collected	7,231	
Other Contracted Services	4,101	
Food Supplies	252,731	
Law Enforcement Supplies	668	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Safety (Cont.)				
Jail (Cont.)				
Office Supplies	$	2,503		
Other Supplies and Materials		50,610		
Total Jail			$	1,470,705
Juvenile Services				
Deputy(ies)	$	102,514		
Youth Service Officer(s)		28,879		
Part-time Personnel		42,912		
Social Security		10,606		
State Retirement		7,677		
Employer Medicare		2,480		
Communication		4,327		
Maintenance and Repair Services - Buildings		565		
Travel		1,845		
Other Contracted Services		347		
Electricity		1,555		
Food Supplies		13,562		
Gasoline		1,119		
Natural Gas		1,716		
Office Supplies		635		
Other Supplies and Materials		4,706		
Workers' Compensation Insurance		10,893		
Total Juvenile Services				236,338
Fire Prevention and Control				
Contributions	$	2,000		
Total Fire Prevention and Control				2,000
Civil Defense				
Supervisor/Director	$	22,534		
Social Security		1,397		
State Retirement		1,564		
Employer Medicare		327		
Communication		549		
Contracts with Government Agencies		31,305		
Travel		2,511		
Other Contracted Services		28,185		
Office Supplies		606		
Other Supplies and Materials		500		
Total Civil Defense				89,478

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Rescue Squad		
Contributions	$ 8,000	
Total Rescue Squad		$ 8,000
County Coroner/Medical Examiner		
County Official/Administrative Officer	$ 5,751	
Social Security	357	
Employer Medicare	83	
Total County Coroner/Medical Examiner		6,191
Public Health and Welfare		
Local Health Center		
Social Security	$ 1,727	
State Retirement	1,486	
Employer Medicare	404	
Contributions	52,829	
Total Local Health Center		56,446
Other Local Health Services		
Medical Personnel	$ 146,148	
Social Security	8,800	
State Retirement	8,581	
Medical Insurance	12,146	
Employer Medicare	2,058	
Travel	3,235	
Total Other Local Health Services		180,968
General Welfare Assistance		
Maintenance and Repair Services - Buildings	$ 564	
Total General Welfare Assistance		564
Other Local Welfare Services		
Pauper Burials	$ 244	
Total Other Local Welfare Services		244
Social, Cultural, and Recreational Services		
Senior Citizens Assistance		
Deputy(ies)	$ 28,080	
Part-time Personnel	20,680	
Social Security	2,923	
State Retirement	1,949	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Social, Cultural, and Recreational Services (Cont.)				
Senior Citizens Assistance (Cont.)				
Employer Medicare	$	684		
Communication		2,396		
Contributions		743		
Maintenance and Repair Services - Vehicles		4,519		
Travel		8,982		
Utilities		4,815		
Other Supplies and Materials		506		
Total Senior Citizens Assistance			$	76,277
Libraries				
Other Salaries and Wages	$	27,482		
Social Security		1,779		
Employer Medicare		416		
Communication		3,365		
Contracts with Government Agencies		12,120		
Postal Charges		119		
Library Books/Media		8,683		
Office Supplies		2,745		
Periodicals		660		
Utilities		4,320		
Other Charges		602		
Total Libraries				62,291
Agriculture and Natural Resources				
Agriculture Extension Service				
Assistant(s)	$	11,969		
Supervisor/Director		9,102		
Secretary(ies)		7,178		
Social Security		1,137		
State Retirement		2,558		
Medical Insurance		193		
Communication		2,655		
Travel		1,465		
Office Equipment		2,293		
Total Agriculture Extension Service				38,550
Other Operations				
Tourism				
Clerical Personnel	$	21,590		
Social Security		1,893		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Other Operations (Cont.)				
Tourism (Cont.)				
State Retirement	$	1,498		
Employer Medicare		443		
Contributions		20,183		
Total Tourism			$	45,607
Industrial Development				
Other Charges	$	400		
Total Industrial Development				400
Airport				
Supervisor/Director	$	28,038		
Part-time Personnel		15,841		
Social Security		2,750		
State Retirement		1,946		
Employer Medicare		643		
Communication		2,863		
Maintenance and Repair Services - Equipment		1,574		
Maintenance and Repair Services - Vehicles		723		
Travel		4,755		
Other Contracted Services		15,714		
Diesel Fuel		202,880		
Electricity		12,987		
Gasoline		72,803		
Natural Gas		336		
Water and Sewer		570		
Other Supplies and Materials		20,155		
Liability Insurance		4,725		
Liability Claims		1,000		
Total Airport				390,303
Veterans' Services				
Supervisor/Director	$	32,192		
Social Security		1,996		
State Retirement		2,234		
Employer Medicare		467		
Travel		1,684		
Other Supplies and Materials		193		
Total Veterans' Services				38,766

(Continued)

Exhibit K-7

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

General Fund (Cont.)			
Other Operations (Cont.)			
Other Charges			
Contracts with Other Public Agencies	$ 1,250,000		
Total Other Charges		$ 1,250,000	
Contributions to Other Agencies			
Contributions	$ 86,328		
Total Contributions to Other Agencies		86,328	
Miscellaneous			
Medical Personnel	$ 135,000		
Social Security	6,932		
State Retirement	9,369		
Life Insurance	5,898		
Medical Insurance	109,419		
Unemployment Compensation	21,560		
Employer Medicare	1,955		
On-Behalf Payments to OPEB	6,390		
Other Fringe Benefits	2,950		
Postal Charges	26,273		
Liability Insurance	72,789		
Trustee's Commission	57,784		
Workers' Compensation Insurance	42,978		
Fines, Assessments, and Penalties	3,867		
Other Charges	12,987		
Total Miscellaneous		516,151	
Highways			
Highway and Bridge Maintenance			
Transfers to Other Funds	$ 235		
Total Highway and Bridge Maintenance		235	
Total General Fund			$ 8,825,849
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Recycling Center			
Laborers	$ 44,269		
Social Security	2,671		
State Retirement	1,765		
Medical Insurance	2,803		
Employer Medicare	625		

(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.)			
Communication	$ 1,968		
Dues and Memberships	1,000		
Maintenance and Repair Services - Buildings	57		
Maintenance and Repair Services - Equipment	510		
Other Contracted Services	10,405		
Diesel Fuel	3,330		
Electricity	3,589		
Equipment and Machinery Parts	1,884		
Gasoline	1,447		
Natural Gas	1,869		
Office Supplies	440		
Propane Gas	124		
Tires and Tubes	2,059		
Uniforms	1,450		
Water and Sewer	1,118		
Other Supplies and Materials	4,192		
Trustee's Commission	1,541		
Vehicle and Equipment Insurance	2,460		
Workers' Compensation Insurance	4,751		
Maintenance Equipment	9,895		
Total Recycling Center		$ 106,222	
Postclosure Care Costs			
Other Contracted Services	$ 9,290		
Total Postclosure Care Costs		9,290	
Highways			
Litter and Trash Collection			
Other Supplies and Materials	$ 18,011		
Total Litter and Trash Collection		18,011	
Principal on Debt			
General Government			
Principal on Notes	$ 7,667		
Total General Government		7,667	
Interest on Debt			
General Government			
Interest on Notes	$ 557		
Total General Government		557	
Total Solid Waste/Sanitation Fund			$ 141,747

(Continued)

Exhibit K-7

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

Ambulance Service Fund
Public Health and Welfare
Ambulance/Emergency Medical Services

Supervisor/Director	$	37,862
Deputy(ies)		41,330
Medical Personnel		777,333
Part-time Personnel		5,769
Overtime Pay		180,618
Social Security		61,597
State Retirement		61,980
Life Insurance		1,046
Medical Insurance		31,163
Unemployment Compensation		2,628
Employer Medicare		14,406
Communication		11,489
Contracts with Other Public Agencies		76,303
Dues and Memberships		1,025
Licenses		2,518
Maintenance and Repair Services - Buildings		6,038
Maintenance and Repair Services - Vehicles		28,173
Postal Charges		44
Printing, Stationery, and Forms		254
Tow-in Services		1,278
Travel		2,516
Tuition		5,630
Disposal Fees		17,386
Other Contracted Services		64,564
Custodial Supplies		2,772
Diesel Fuel		94,623
Drugs and Medical Supplies		59,259
Equipment and Machinery Parts		312
Gasoline		2,297
Natural Gas		3,736
Office Supplies		2,788
Propane Gas		1,976
Tires and Tubes		6,253
Uniforms		1,209
Water and Sewer		962
Other Supplies and Materials		5,613
Refunds		7,720
Trustee's Commission		21,754
Vehicle and Equipment Insurance		21,545
Workers' Compensation Insurance		125,816

(Continued)

Exhibit K-7

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

Ambulance Service Fund (Cont.)			
Public Health and Welfare (Cont.)			
Ambulance/Emergency Medical Services (Cont.)			
Other Charges	$ 1,715		
Motor Vehicles	127,241		
Total Ambulance/Emergency Medical Services		$ 1,920,541	
Total Ambulance Service Fund			$ 1,920,541
Drug Control Fund			
Other Operations			
Miscellaneous			
Confidential Drug Enforcement Payments	$ 16,500		
Travel	397		
Veterinary Services	70		
Animal Food and Supplies	543		
Other Supplies and Materials	2,234		
Trustee's Commission	583		
Other Charges	10,916		
Motor Vehicles	9,000		
Total Miscellaneous		$ 40,243	
Total Drug Control Fund			40,243
District Attorney General Fund			
Administration of Justice			
District Attorney General			
Communication	$ 5,800		
Dues and Memberships	1,730		
Printing, Stationery, and Forms	1,343		
Rentals	3,000		
Travel	12,017		
Other Contracted Services	28,293		
Electricity	719		
Office Supplies	1,412		
Other Supplies and Materials	62,865		
Trustee's Commission	897		
Other Charges	2,745		
Total District Attorney General		$ 120,821	
Total District Attorney General Fund			120,821

(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			
Special Commissioner Fees/Special Master Fees	$ 750		
Total General Sessions Court		$ 750	
Chancery Court			
Special Commissioner Fees/Special Master Fees	$ 350		
Total Chancery Court		350	
Total Constitutional Officers - Fees Fund			$ 1,100
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 63,527		
Clerical Personnel	26,633		
Overtime Pay	14		
Social Security	5,458		
State Retirement	6,418		
Employer Medicare	1,276		
Dues and Memberships	3,153		
Postal Charges	77		
Travel	200		
Other Contracted Services	87,736		
Custodial Supplies	119		
Office Supplies	624		
Total Administration		$ 195,235	
Highway and Bridge Maintenance			
Supervisor/Director	$ 35,185		
Equipment Operators	28,049		
Truck Drivers	89,396		
Laborers	208,700		
Overtime Pay	32,611		
Social Security	23,290		
State Retirement	27,375		
Unemployment Compensation	4,350		
Employer Medicare	5,447		
Rentals	45,807		
Other Contracted Services	21,097		
Asphalt - Cold Mix	108,720		
Asphalt - Hot Mix	275,368		

(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.)				
Concrete	$	5,871		
Crushed Stone		210,419		
Other Road Supplies		24,897		
Pipe - Metal		41,158		
Road Signs		1,665		
Wood Products		2,196		
Total Highway and Bridge Maintenance			$	1,191,601
Operation and Maintenance of Equipment				
Foremen	$	46,350		
Mechanic(s)		32,895		
Social Security		4,460		
State Retirement		5,496		
Unemployment Compensation		511		
Employer Medicare		1,043		
Maintenance and Repair Services - Equipment		20,687		
Tow-in Services		200		
Other Contracted Services		1,881		
Diesel Fuel		145,459		
Equipment and Machinery Parts		102,854		
Garage Supplies		1,792		
Gasoline		33,216		
Lubricants		10,035		
Propane Gas		1,754		
Small Tools		1,187		
Tires and Tubes		28,613		
Other Supplies and Materials		9,958		
Total Operation and Maintenance of Equipment				448,391
Other Charges				
Communication	$	5,184		
Licenses		210		
Electricity		7,753		
Natural Gas		1,032		
Water and Sewer		1,202		
Refunds		1,255		
Trustee's Commission		18,240		
Vehicle and Equipment Insurance		28,629		
Other Charges		14,925		
Total Other Charges				78,430

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Employee Benefits			
Employee and Dependent Insurance	$ 38,014		
Life Insurance	424		
Workers' Compensation Insurance	59,023		
Total Employee Benefits		$ 97,461	
Capital Outlay			
Highway Equipment	$ 8,525		
Motor Vehicles	50,700		
Total Capital Outlay		59,225	
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	$ 44,719		
Total Highways and Streets		44,719	
Total Highway/Public Works Fund			$ 2,347,047
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 220,158		
Principal on Notes	246,351		
Principal on Other Loans	558,600		
Total General Government		$ 1,025,109	
Interest on Debt			
General Government			
Interest on Bonds	$ 97,204		
Interest on Notes	52,741		
Interest on Other Loans	82,149		
Total General Government		232,094	
Other Debt Service			
General Government			
Trustee's Commission	$ 37,063		

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)			
Other Debt Service (Cont.)			
General Government (Cont.)			
Other Debt Service	$ 156,386		
Total General Government		$ 193,449	
Total General Debt Service Fund			$ 1,450,652
Rural Debt Service Fund			
Principal on Debt			
Education			
Principal on Bonds	$ 591,842		
Principal on Notes	232,666		
Principal on Other Loans	146,000		
Total Education		$ 970,508	
Interest on Debt			
Education			
Interest on Bonds	$ 313,675		
Interest on Notes	55,413		
Interest on Other Loans	7,305		
Total Education		376,393	
Other Debt Service			
Education			
Trustee's Commission	$ 18,504		
Other Debt Service	11,174		
Total Education		29,678	
Total Rural Debt Service Fund			1,376,579
General Capital Projects Fund			
Capital Projects			
Highway and Street Capital Projects			
Right-of-Way	$ 236,841		
Total Highway and Street Capital Projects		$ 236,841	
Total General Capital Projects Fund			236,841
Other Capital Projects Fund			
Capital Projects			
Highway and Street Capital Projects			
Engineering Services	$ 28,000		

(Continued)

Exhibit K-7

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

Other Capital Projects Fund (Cont.)			
Capital Projects (Cont.)			
Highway and Street Capital Projects (Cont.)			
Highway Construction	$ 66,252		
Total Highway and Street Capital Projects		$ 94,252	
Total Other Capital Projects Fund			$ 94,252
Total Governmental Funds - Primary Government			$ 16,555,672

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, 2012

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 6,321,715	
Career Ladder Program	62,588	
Career Ladder Extended Contracts	35,881	
Homebound Teachers	59,985	
Educational Assistants	406,071	
Other Salaries and Wages	223,500	
Certified Substitute Teachers	162,966	
Social Security	429,515	
State Retirement	616,821	
Life Insurance	10,078	
Medical Insurance	1,084,378	
Unemployment Compensation	16,956	
Employer Medicare	100,977	
Other Fringe Benefits	4,950	
Travel	2,015	
Instructional Supplies and Materials	148,854	
Textbooks	195,781	
Other Supplies and Materials	13,735	
Other Charges	14,953	
Regular Instruction Equipment	263,815	
Total Regular Instruction Program		$ 10,175,534
Alternative Instruction Program		
Teachers	$ 43,925	
Educational Assistants	13,272	
Social Security	3,483	
State Retirement	5,057	
Medical Insurance	5,064	
Unemployment Compensation	144	
Employer Medicare	815	
Total Alternative Instruction Program		71,760
Special Education Program		
Teachers	$ 661,514	
Career Ladder Program	9,334	
Homebound Teachers	32,300	
Educational Assistants	157,017	
Certified Substitute Teachers	16,702	
Social Security	51,080	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
State Retirement	$ 76,801	
Medical Insurance	112,787	
Unemployment Compensation	2,051	
Employer Medicare	11,946	
Other Contracted Services	15,958	
Instructional Supplies and Materials	28,891	
Other Supplies and Materials	15,216	
Special Education Equipment	7,243	
Total Special Education Program		$ 1,198,840
Vocational Education Program		
Teachers	$ 368,695	
Career Ladder Program	3,000	
Educational Assistants	38,832	
Social Security	24,542	
State Retirement	37,311	
Medical Insurance	44,069	
Unemployment Compensation	975	
Employer Medicare	5,740	
Total Vocational Education Program		523,164
Support Services		
Attendance		
Supervisor/Director	$ 54,714	
Career Ladder Program	3,000	
Social Security	3,409	
State Retirement	5,437	
Medical Insurance	9,364	
Unemployment Compensation	72	
Employer Medicare	797	
Travel	2,140	
Other Supplies and Materials	168	
Total Attendance		79,101
Health Services		
Medical Personnel	$ 91,366	
Other Salaries and Wages	90,081	
Social Security	10,519	
State Retirement	13,621	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Health Services (Cont.)				
Medical Insurance	$	16,585		
Unemployment Compensation		600		
Employer Medicare		2,460		
Travel		10,692		
Other Supplies and Materials		15,310		
Other Charges		3,784		
Total Health Services			$	255,018
Other Student Support				
Career Ladder Program	$	3,000		
Guidance Personnel		194,014		
Social Workers		38,222		
Secretary(ies)		19,177		
Social Security		15,119		
State Retirement		23,266		
Medical Insurance		27,594		
Unemployment Compensation		498		
Employer Medicare		3,536		
Evaluation and Testing		7,756		
Travel		954		
Other Charges		285		
Total Other Student Support				333,421
Regular Instruction Program				
Supervisor/Director	$	61,542		
Career Ladder Program		9,000		
Librarians		308,612		
Secretary(ies)		12,916		
Other Salaries and Wages		56		
Social Security		22,616		
State Retirement		36,700		
Medical Insurance		48,362		
Unemployment Compensation		620		
Employer Medicare		5,290		
Travel		23,323		
Library Books/Media		18,304		
In Service/Staff Development		15,634		
Other Charges		26,084		
Other Equipment		24,133		
Total Regular Instruction Program				613,192

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Special Education Program				
Supervisor/Director	$	61,602		
Career Ladder Program		1,000		
Psychological Personnel		40,940		
Secretary(ies)		30,403		
Social Security		8,004		
State Retirement		11,992		
Medical Insurance		9,115		
Unemployment Compensation		216		
Employer Medicare		1,871		
Travel		17,591		
Total Special Education Program			$	182,734
Other Programs				
On-Behalf Payments to OPEB	$	112,495		
Total Other Programs				112,495
Board of Education				
Secretary to Board	$	29,640		
Board and Committee Members Fees		43,225		
Social Security		4,530		
State Retirement		2,922		
Unemployment Compensation		217		
Employer Medicare		1,059		
Audit Services		5,850		
Dues and Memberships		4,312		
Legal Services		88		
Travel		19,278		
Other Contracted Services		33,750		
Other Supplies and Materials		9,142		
Trustee's Commission		91,200		
Workers' Compensation Insurance		139,165		
Other Charges		9,293		
Total Board of Education				393,671
Director of Schools				
County Official/Administrative Officer	$	80,000		
Assistant(s)		62,184		
Career Ladder Program		1,000		
Secretary(ies)		33,155		

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Director of Schools (Cont.)		
Other Salaries and Wages	$ 7,725	
Social Security	11,664	
State Retirement	15,620	
Medical Insurance	22,466	
Unemployment Compensation	215	
Employer Medicare	2,720	
Communication	46,273	
Postal Charges	231	
Travel	5,949	
Office Supplies	3,054	
Other Charges	1,615	
Administration Equipment	378	
Total Director of Schools		$ 294,249
Office of the Principal		
Principals	$ 461,634	
Career Ladder Program	9,375	
Assistant Principals	56,416	
Secretary(ies)	121,663	
Social Security	38,042	
State Retirement	56,721	
Medical Insurance	44,177	
Unemployment Compensation	982	
Employer Medicare	8,894	
Communication	21,347	
Travel	141	
Total Office of the Principal		819,392
Operation of Plant		
Supervisor/Director	$ 31,709	
Custodial Personnel	347,952	
Social Security	20,819	
State Retirement	28,007	
Unemployment Compensation	1,232	
Employer Medicare	6,301	
Disposal Fees	24,700	
Other Contracted Services	23,898	
Electricity	605,874	
Natural Gas	62,894	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Operation of Plant (Cont.)		
Water and Sewer	$ 54,396	
Other Supplies and Materials	73,754	
Building and Contents Insurance	135,843	
Other Charges	478	
Plant Operation Equipment	5,385	
Total Operation of Plant		$ 1,423,242
Maintenance of Plant		
Maintenance Personnel	$ 123,261	
Social Security	7,185	
State Retirement	8,610	
Medical Insurance	10,128	
Unemployment Compensation	360	
Employer Medicare	1,676	
Other Supplies and Materials	73,957	
Other Charges	5,740	
Total Maintenance of Plant		230,917
Transportation		
Supervisor/Director	$ 29,475	
Mechanic(s)	50,833	
Bus Drivers	513,110	
Social Security	36,796	
State Retirement	37,358	
Unemployment Compensation	3,314	
Employer Medicare	8,558	
Contracts with Vehicle Owners	2,458	
Diesel Fuel	226,913	
Gasoline	1,055	
Tires and Tubes	18,197	
Vehicle Parts	100,425	
Other Supplies and Materials	1,310	
Transportation Equipment	198,801	
Total Transportation		1,228,603
Central and Other		
Supervisor/Director	$ 58,686	
Other Salaries and Wages	170,105	
Social Security	13,673	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Central and Other (Cont.)		
State Retirement	$ 15,442	
Medical Insurance	2,532	
Unemployment Compensation	467	
Employer Medicare	3,198	
Total Central and Other		$ 264,103
Operation of Non-Instructional Services		
Community Services		
Supervisor/Director	$ 51,731	
Teachers	3,900	
Social Security	3,741	
State Retirement	5,707	
Medical Insurance	5,064	
Unemployment Compensation	123	
Employer Medicare	875	
Travel	4,276	
Instructional Supplies and Materials	11,168	
Other Supplies and Materials	644	
Other Charges	150	
Total Community Services		87,379
Early Childhood Education		
Supervisor/Director	$ 7,730	
Teachers	406,959	
Educational Assistants	132,640	
Certified Substitute Teachers	10,662	
Social Security	33,441	
State Retirement	48,897	
Medical Insurance	42,366	
Unemployment Compensation	1,396	
Employer Medicare	7,821	
Travel	17,368	
Instructional Supplies and Materials	318,817	
Other Supplies and Materials	21	
Other Charges	2,209	
Total Early Childhood Education		1,030,327

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)			
Capital Outlay			
Regular Capital Outlay			
Building Improvements	$ 65,178		
Other Capital Outlay	1,000		
Total Regular Capital Outlay		$ 66,178	
Principal on Debt			
Education			
Principal on Capital Leases	$ 61,948		
Total Education		61,948	
Interest on Debt			
Education			
Interest on Capital Leases	$ 108,238		
Total Education		108,238	
Other Debt Service			
Education			
Debt Service Contribution to Primary Government	$ 185,773		
Total Education		185,773	
Total General Purpose School Fund			$ 19,739,279
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 653,527		
Educational Assistants	157,635		
Other Salaries and Wages	6,850		
Certified Substitute Teachers	32,716		
Social Security	50,105		
State Retirement	70,658		
Medical Insurance	97,267		
Unemployment Compensation	2,263		
Employer Medicare	11,718		
Instructional Supplies and Materials	57,534		
Other Supplies and Materials	9,512		
Other Charges	17,864		
Regular Instruction Equipment	53,400		
Total Regular Instruction Program		$ 1,221,049	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Special Education Program		
Teachers	$ 141,747	
Educational Assistants	297,009	
Social Security	26,500	
State Retirement	33,247	
Medical Insurance	25,705	
Unemployment Compensation	1,688	
Employer Medicare	6,198	
Other Contracted Services	131,869	
Instructional Supplies and Materials	19,646	
Other Supplies and Materials	8,098	
Special Education Equipment	107,456	
Total Special Education Program		$ 799,163
Vocational Education Program		
Instructional Supplies and Materials	$ 50,212	
Total Vocational Education Program		50,212
Support Services		
Other Student Support		
Bus Drivers	$ 485	
Social Security	90	
State Retirement	140	
Employer Medicare	21	
Travel	10,146	
In Service/Staff Development	400	
Other Charges	13,634	
Total Other Student Support		24,916
Regular Instruction Program		
Supervisor/Director	$ 64,584	
Secretary(ies)	14,985	
Other Salaries and Wages	103,760	
Social Security	10,830	
State Retirement	16,273	
Medical Insurance	26,902	
Unemployment Compensation	242	
Employer Medicare	2,533	
Travel	28,706	
Other Supplies and Materials	3,513	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Regular Instruction Program (Cont.)			
In Service/Staff Development	$ 12,121		
Other Charges	9,780		
Total Regular Instruction Program		$ 294,229	
Special Education Program			
Social Security	$ 29		
Unemployment Compensation	2		
Employer Medicare	8		
Travel	4,316		
Other Supplies and Materials	7		
In Service/Staff Development	11,691		
Total Special Education Program		16,053	
Vocational Education Program			
Travel	$ 1,247		
In Service/Staff Development	100		
Total Vocational Education Program		1,347	
Maintenance of Plant			
Maintenance Personnel	$ 9,498		
Social Security	552		
State Retirement	656		
Unemployment Compensation	47		
Employer Medicare	129		
Total Maintenance of Plant		10,882	
Transportation			
Bus Drivers	$ 27,500		
Social Security	1,705		
State Retirement	1,909		
Unemployment Compensation	155		
Employer Medicare	399		
Total Transportation		31,668	
Total School Federal Projects Fund			$ 2,449,519

(Continued)

Exhibit K-8

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

Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 51,254		
Cafeteria Personnel	517,835		
Other Salaries and Wages	22,854		
In-Service Training	7,236		
Social Security	35,957		
State Retirement	37,421		
Medical Insurance	19,968		
Unemployment Compensation	3,439		
Employer Medicare	8,409		
Travel	7,368		
Food Preparation Supplies	21,505		
Food Supplies	726,584		
USDA - Commodities	80,669		
Other Supplies and Materials	82,912		
Other Charges	1,190		
Food Service Equipment	193,238		
Total Food Service		$ 1,817,839	
Total Central Cafeteria Fund			$ 1,817,839
Total Governmental Funds - Scott County School Department			$ 24,006,637

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, 2012

	Cities - Sales Tax Fund	Special School District Fund	City School ADA - Oneida Fund	Total
Cash Receipts				
Current Property Taxes	$ 0	$ 371,369	$ 720,453	$ 1,091,822
Discounts on Property Taxes	0	(3,688)	(6,817)	(10,505)
Trustee's Collections - Prior Years	0	15,268	48,136	63,404
Circuit/Clerk and Master Collections - Prior Years	0	1,406	50,886	52,292
Interest and Penalty	0	3,063	9,235	12,298
Payment in-lieu-of Taxes - T.V.A.	0	0	0	0
Local Option Sales Tax	1,396,014	0	512,383	1,908,397
Interstate Telecommunications Tax	0	0	360	360
Marriage Licenses	0	0	268	268
Other Local Revenues	0	0	217	217
Total Cash Receipts	$ 1,396,014	$ 387,418	$ 1,335,121	$ 3,118,553
Cash Disbursements				
Remittance of Revenue Collected	$ 1,382,054	$ 377,117	$ 1,308,626	$ 3,067,797
Trustee's Commission	13,960	7,735	21,023	42,718
Total Cash Disbursements	$ 1,396,014	$ 384,852	$ 1,329,649	$ 3,110,515
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0	$ 2,566	$ 5,472	$ 8,038
Cash Balance, July 1, 2011	0	3,120	55,259	58,379
Cash Balance, June 30, 2012	$ 0	$ 5,686	$ 60,731	$ 66,417

SINGLE AUDIT SECTION

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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 27, 2013

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, 2012, which collectively comprise Scott County's basic financial statements and have issued our report thereon dated February 27, 2013. 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

The management of Scott County is responsible for establishing and maintaining effective 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: 12.01, 12.04, 12.06, and 12.07. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.02, 12.03, and 12.05.

We 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, County Commission, Financial Management Committee, Board of Education, others within Scott County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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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

Independent Auditor's Report

February 27, 2013

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Scott County's compliance 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, 2012. 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, 2012.

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Scott County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scott County as of and for the year ended June 30, 2012, and have issued our report thereon dated February 27, 2013. 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, County Commission, Financial Management Committee, Board of Education, others within Scott County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Scott County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	$ 80,669 (3)
Passed-through State Department of Education:			
Child Nutrition Discretionary Grants, Recovery Act	10.579	N/A	43,000
Fresh Fruit and Vegetable Program	10.582	N/A	109,350
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	396,416
National School Lunch Program	10.555	N/A	1,010,438 (3)
Passed-through State Department of Economic and Community Development:			
Community Facilities Loans and Grants	10.766	30504-00111-23	12,120
Total U.S. Department of Agriculture			$ 1,651,993
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	$ 132,487
Total Bureau of Land Management, Department of the Interior			$ 132,487
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	$ 3,218
Total U.S. Department of Justice			$ 3,218
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
Incentive Grant - WIA Section 503	17.267	(2)	$ 11,967
Total U.S. Department of Labor			$ 11,967
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	$ 1,057,421
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	832,634
Special Education - Preschool Grants	84.173	N/A	19,204
Special Education - Preschool Grants, Recovery Act	84.392	N/A	684
Career and Technical Education - Basic Grants to States	84.048	N/A	58,468
Rural Education	84.358	N/A	84,040
Improving Teacher Quality State Grants	84.367	N/A	184,310
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	7,748
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	221,251
Education Jobs Fund	84.410	N/A	8,174
Total U.S. Department of Education			$ 2,473,934

(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. Elections Assistance Commission:			
Passed-throughTennessee Secretary of State, Division of Elections:			
Help America Vote Act Requirements Payments	90.401	N/A	$ 8,721
Total U.S. Elections Assistance Commission			$ 8,721
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)	$ 20,376
Total U.S. Department of Health and Human Services			$ 20,376
U.S. Department of Homeland Security:			
Direct Program:			
Emergency Food and Shelter National Board Program	97.024	N/A	$ 15,736
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(2)	434,396
Homeland Security Grant Program	97.067	(2)	61,452
Emergency Management Performance Grants	97.042	(2)	20,600
Total U.S. Department of Homeland Security			$ 532,184
Total Expenditures of Federal Awards			$ 4,834,880

State Grants		Contract Number	
Litter Program - State Department of Transportation	N/A	(2)	$ 46,837
Health Department Programs - State Department of Health	N/A	(2)	152,624
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	9,000
Appalachian Life Quality Initiative Grant - State Department of Education	N/A	(2)	14,931
Disaster Grants - State Department of Military	N/A	(2)	17,499
Drug Court Grant - State Office of Criminal Justice Programs	N/A	(2)	53,154
Coordinated School Health - State Department of Education	N/A	(2)	98,121
Family Resource Center - State Department of Education	N/A	(2)	45,155
Save the Children - State Department of Education	N/A	(2)	45,243
Early Childhood Education - State Department of Education	N/A	(2)	985,280
Lottery for Education: Afterschool Programs (LEAPs) - State Department of Education	N/A	(2)	13,095
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	(2)	4,603
Total State Grants			$ 1,485,542

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 $1,091,107.

Scott County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are the findings from the Annual Financial Report for Scott County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

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

Finding Number	Page Number	Subject
11.01	170	Expenditures exceeded appropriations

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

Finding Number	Page Number	Subject
11.05	172	Duties were not segregated adequately

OFFICE OF REGISTER

Finding Number	Page Number	Subject
11.06	172	Multiple employees operated from the same cash drawer

SCOTT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Scott County is unqualified.

2. The audit of the financial statements of Scott County disclosed significant deficiencies in internal control. None of these deficiencies were considered to be material weaknesses.

3. The audit disclosed two instances of noncompliance that are material to the financial statements of Scott County.

4. The audit disclosed no significant deficiencies in internal control over major programs.

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

6. The audit revealed no findings that are required to be reported under Section 510(a) of *OMB Circular A-133*.

7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, and 84.392); State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Disaster Grants – Public Assistance (CFDA No. 97.036) 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 qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF DIRECTOR OF FINANCE

FINDING 12.01 **DEFICIENCIES WERE NOTED IN THE PURCHASE ORDER SYSTEM**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in the purchase order system. These deficiencies can be attributed to a lack of management oversight, and failure of county personnel to adhere to purchasing procedures established by the Financial Management Committee.

A. In many instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment, rather than approval of the purchase. Also, this deficiency violates policies of the Financial Management Committee, which require a requisition approved by the department head to be submitted to the Finance Office, and a valid purchase order to be issued before goods are purchased.

B. In some instances, purchases were approved in advance through the use of blanket purchase orders and goods purchased exceeded the approved purchase order amount.

The above-noted deficiencies could result in unapproved purchases, purchases made without adequate appropriations, or undocumented purchasing commitments.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, purchase orders should be obtained for all applicable purchases before purchases are made. Furthermore, purchases should not exceed the approved purchase order amount.

FINDING 12.02 **INTERFUND LOANS WERE NOT ISSUED AND RETIRED IN ACCORDANCE WITH STATE STATUTES**
(Material Noncompliance Under *Government Auditing Standards*)

Our examination of interfund loans revealed the following deficiencies:

A. To provide cash for operations in anticipation of revenue collections, the following fund transfers were made:

From Fund	To Fund	Amount
Primary Government:		
General	Ambulance Service	$ 210,000
"	Other Capital Projects	58,740
General Debt Service	General	300,000
"	Ambulance Service	100,000
Component Unit:		
General Purpose School	School Federal Projects	50,000

These transfers were, in effect, interfund loans that were not approved by the state Comptroller's Office. Section 9-21-801, *Tennessee Code Annotated (TCA)*, allows the County Commission to issue revenue anticipation notes with the approval of the state Comptroller's Office. This deficiency resulted from a lack of oversight by management.

B. The $210,000 loan from the General Fund to the Ambulance Service Fund was not retired by June 30, 2012, and had a remaining balance of $70,000 at June 30, 2012. Section 9-21-801, *TCA,* provides that interfund loans shall mature not later than the close of the fiscal year issued. This deficiency resulted from insufficient cash flow in the Ambulance Service Fund. This loan has been reflected in the financial statements of this report as due from other funds in the General Fund, and due to other funds in the Ambulance Service Fund.

RECOMMENDATION

All interfund loans should be approved by the state Comptroller's Office and should be retired prior to the end of the fiscal year issued as required by state statutes.

FINDING 12.03 **THE OFFICE FAILED TO MAKE SCHEDULED PRINCIPAL AND INTEREST PAYMENTS ON CAPITAL OUTLAY NOTES**

(Noncompliance Under *Government Auditing Standards*)

Our examination of debt transactions revealed that a scheduled principal payment of $27,286 due in June 2012 and scheduled interest payments of approximately $13,816 due in February and June 2012 were not made in compliance with the notes' amortization schedules. These missed payments were the result of a lack of management oversight and have been reflected as capital outlay notes payable and accrued interest payable in the financial statements of the Rural Debt Service Fund. These past due principal and interest payments were made subsequent to June 30, 2012.

RECOMMENDATION

Debt payments should be made in a timely manner in accordance with the notes' amortization schedules.

FINDING 12.04 **THE PUBLIC UTILITY FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS, AND TWO CAPITAL PROJECTS FUNDS HAD DEFICITS IN UNASSIGNED FUND BALANCES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Three funds reported deficits at June 30, 2012, which indicates a lack of cash flow and a lack of planning by management:

A. The Public Utility Fund had a deficit in unrestricted net assets of $1,888 at June 30, 2012.

B. The General Capital Projects and the Other Capital Projects funds had deficits in unassigned fund balance of $54,213 and $25,587, respectively, at June 30, 2012. These deficits resulted from the recognition of liabilities that exceeded available cash. Management advised us that it intends to use available Public Building Authority loan proceeds to fund the deficit in the General Capital Projects Fund. No action had been taken to liquidate the Other Capital Projects Fund unassigned fund balance deficit as of the date of this report.

RECOMMENDATION

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

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

FINDING 12.05 **OFFICES HAD DEFICIENCIES IN BUDGET OPERATIONS**
(Material Noncompliance Under *Government Auditing Standards*)

Our examination of the Offices of County Mayor, Director of Finance, Highway Superintendent, and Director of Schools revealed the following deficiencies in budget operations:

A. Total expenditures of the General Fund exceeded total appropriations approved by the County Commission by $9,610.

B. Expenditures exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control) in the following funds:

Fund/Major Appropriation Category	Amount Overspent
Primary Government:	
Solid Waste/Sanitation:	
General Government	$ 139
Highway/Public Works:	
Highway and Bridge Maintenance	16,674
Operation and Maintenance of Equipment	11,217
General Debt Service:	
Principal on Debt - General Government	96
School Department:	
General Purpose School:	
Central and Others - Support Services	26,189
Community Services - Operation of Non-Instructional Services	3,663

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, and management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

FINDING 12.06 **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.

OFFICE OF REGISTER OF DEEDS

FINDING 12.07 **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 Office of Register of Deeds. Good 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 Local Government Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

SCOTT COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012

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

County Mayor and Director of Finance – Summary Schedule of Prior-Year's Findings

FINDINGS 11.03 and 11.07

Appropriate steps were taken to code all ARRA grants, revenue, and expenditures separately from non-ARRA revenue and expenditures.

Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 11.04 and 11.08

A calculation of salary and benefits for the special education teacher at the Juvenile Detention Center was provided to the Department of Education. Sixty percent of the teacher's salary for the 2009-10 school year, totaling $31,720.89, was refunded to the treasurer of the State of Tennessee on August 3, 2011.

A statement of assurance was 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 future requests for high-cost reimbursement will only represent the percentage of time the special education teacher spends serving those eligible students.