

ANNUAL FINANCIAL REPORT

SCOTT COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
SCOTT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

AMY SOSVILLE, CPA
Auditor 4

STEPHEN ALRED
MARK FAWVER
ANDREW WAY, CPA
DOUG SANDIDGE, CISA, CFE
State Auditors

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

SCOTT COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Scott County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Scott County as of and for the year ended June 30, 2015.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICES OF DIRECTOR OF FINANCE AND COUNTY MAYOR

- ◆ Capital outlay notes were not issued in compliance with state statutes.

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

- ◆ Some purchase orders were issued after the purchases were made.

OFFICES OF DIRECTOR OF FINANCE AND DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a deficit in unassigned fund balance at June 30, 2015.

OFFICE OF COUNTY MAYOR

- ◆ Airport employees did not deposit some funds within three days of collection.
-

OFFICE OF TRUSTEE

- ◆ The trustee did not require a depository to adequately collateralize funds.
-

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

- ◆ Duties were not segregated adequately.
-

OFFICE OF REGISTER OF DEEDS

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICE OF SHERIFF

- ◆ The office did not deposit some funds within three days of collection.

INTRODUCTORY SECTION

Scott County Officials

June 30, 2015

Officials

Dale Perdue, 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 of Deeds
Ronnie Phillips, Sheriff
Brian Strunk, Director of Finance

Board of County Commissioners

Dale Perdue, County Mayor, Chairman
Sheila Buttram
Kenny Chadwell
Rick Russ
Robyn McBroom
David Day
Robin Newman
Rick Burke

June Jeffers
Sam Lyles
Trent Cross
Ernest Phillips
Patti Brown
Mike Slaven
Eric Newport

Financial Management Committee

Mike Slaven, Chairman
Dale Perdue, County Mayor
Donald Sexton, Superintendent of Roads
Billy Hall, Director of Schools

Kenny Chadwell
June Jeffers
Ernest Phillips

Board of Education

Esther Abbot, Chairman
Tony Sexton
Kim Kidd
John Thompson

Randy Henry
Tommy Silcox
Richard Smith

Audit Committee

Jerry Slaven
Melvin Stephens
Dave Cross

FINANCIAL 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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental 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, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 5.2 percent, eight percent, and 1.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report 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 solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United

States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scott County, Tennessee, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Scott County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9 to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position of the primary government by \$557,662, and decreasing the beginning net position of the discretely presented Scott County School Department by \$4,265,288. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plans on pages 97-103 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Scott County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the 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 basic 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 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

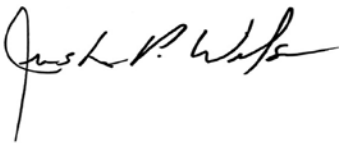
statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor 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 miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2016, on our consideration of Scott County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scott County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long horizontal line extending from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 19, 2016

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Scott County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government Total Governmental Activities	Component Units	
		Scott County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 147,318	\$ 24,160	\$ 1,564,411
Equity in Pooled Cash and Investments	3,060,594	7,696,207	0
Inventories	29,338	0	0
Accounts Receivable	1,324,309	2,624	453
Allowance for Uncollectibles	(965,427)	0	0
Travel Advances	500	0	0
Due from Other Governments	552,644	1,211,471	0
Due from Component Units	2,842	0	0
Property Taxes Receivable	4,842,410	2,184,932	0
Allowance for Uncollectible Property Taxes	(333,590)	(150,138)	0
Prepaid Items	0	0	6,420
Notes Receivable - Long-term	52,051	0	0
Net Pension Asset - Agent Plan	569,807	646,949	0
Net Pension Asset - Cost-sharing Plan	0	45,273	0
Capital Assets:			
Assets Not Depreciated:			
Land	1,964,885	910,561	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	13,135,592	17,684,560	0
Other Capital Assets	1,836,838	1,190,481	138,645
Infrastructure	3,294,600	0	0
Total Assets	<u>\$ 29,514,711</u>	<u>\$ 31,447,080</u>	<u>\$ 1,709,929</u>

(Continued)

Exhibit A

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

	Primary Government Total Governmental Activities	Component Units	
		Scott County School Department	Emergency Communica- tions District
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Changes in Experience	\$ 0	\$ 109,912	\$ 27,663
Pension Contributions after Measurement Date	401,835	1,220,893	2,012
Total Deferred Outflows of Resources	<u>\$ 401,835</u>	<u>\$ 1,330,805</u>	<u>\$ 29,675</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 138,416	\$ 28,650	\$ 0
Accrued Payroll	60,717	2,733,494	1,205
Accrued Interest Payable	38,539	0	0
Payroll Deductions Payable	92,599	204,339	0
Due to State of Tennessee	10,612	6,778	0
Due to Primary Government	0	2,842	0
Other Current Liabilities	0	305,153	0
Noncurrent Liabilities:			
Due Within One Year	2,358,307	0	19,319
Due in More Than One Year (net of unamortized premium on debt)	33,802,447	3,171,219	26,957
Total Liabilities	<u>\$ 36,501,637</u>	<u>\$ 6,452,475</u>	<u>\$ 47,481</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 4,285,421	\$ 1,934,502	\$ 0
Pension Changes in Experience	321,486	365,010	0
Pension Changes in Investment Earnings	742,700	4,573,480	0
Pension Other Deferrals	0	15,647	6,713
Total Deferred Inflows of Resources	<u>\$ 5,349,607</u>	<u>\$ 6,888,639</u>	<u>\$ 6,713</u>

(Continued)

Exhibit A

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

	Primary Government Total Governmental Activities	Component Units	
		Scott County School Department	Emergency Communica- tions District
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 8,610,887	\$ 19,785,602	\$ 138,645
Restricted for:			
General Government	2,593	0	0
Administration of Justice	16,164	0	0
Public Safety	97,670	0	0
Social, Cultural, and Recreation	53	0	0
Highway/Public Works	269,504	0	0
Debt Service	475,537	0	0
Capital Projects	605,352	0	0
Other Purposes	586,256	0	0
Education	0	1,664,882	0
Unrestricted	(22,598,714)	(2,013,713)	1,546,765
Total Net Position	<u>\$ (11,934,698)</u>	<u>\$ 19,436,771</u>	<u>\$ 1,685,410</u>

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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Total Governmental Activities	Scott County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 2,849,049	\$ 430,677	\$ 111,271	\$ 0	\$ (2,307,101)	\$ 0	\$ 0
Finance	862,483	512,056	0	0	(350,427)	0	0
Administration of Justice	798,727	514,457	90,245	0	(194,025)	0	0
Public Safety	3,566,701	646,915	269,378	0	(2,650,408)	0	0
Public Health and Welfare	2,236,549	2,274,222	237,302	0	274,975	0	0
Social, Cultural, and Recreational Services	297,376	0	0	0	(297,376)	0	0
Agriculture and Natural Resources	49,014	0	0	0	(49,014)	0	0
Highways	1,963,685	0	2,614,181	100,771	751,267	0	0
Interest on Long-term Debt	560,227	0	0	0	(560,227)	0	0
Total Governmental Activities	<u>\$ 13,183,811</u>	<u>\$ 4,378,327</u>	<u>\$ 3,322,377</u>	<u>\$ 100,771</u>	<u>\$ (5,382,336)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Component Units:							
Scott County School Department	\$ 23,943,170	\$ 197,613	\$ 4,383,487	\$ 0	\$ 0	\$ (19,362,070)	\$ 0
Emergency Communications District	262,422	62,345	271,329	0	0	0	71,252
Total Component Units	<u>\$ 24,205,592</u>	<u>\$ 259,958</u>	<u>\$ 4,654,816</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,362,070)</u>	<u>\$ 71,252</u>

(Continued)

Exhibit B

Scott County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Units	
						Scott County School Department	Emergency Communica- tions District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 2,696,737	\$ 1,975,259	\$ 0
Property Taxes Levied for General Debt Services					295,216	0	0
Property Taxes Levied for Rural Debt Service					705,865	0	0
Property Taxes Levied for Capital					256,604	0	0
Local Option Sales Taxes					387,515	1,294,542	0
Wheel Tax					572,328	0	0
Litigation Taxes					126,961	0	0
Business Taxes					181,182	0	0
Other Taxes					130,719	1,501	0
Grants and Contributions Not Restricted to Specific Programs					1,776,865	17,009,128	41,263
Unrestricted Investment Income					96,804	727	6,681
Gain on Disposal of Equipment					0	0	5,000
Miscellaneous					196,655	14,049	0
Pension Income					63,283	113,285	0
Total General Revenues					<u>\$ 7,486,734</u>	<u>\$ 20,408,491</u>	<u>\$ 52,944</u>
Change in Net Position					\$ 2,104,398	\$ 1,046,421	\$ 124,196
Net Position, July 1, 2014					(13,481,434)	22,655,638	1,559,930
Restatement - See Note I.D.9					(557,662)	(4,265,288)	
Restatement - See Note VI.A							1,284
Net Position, June 30, 2015					<u>\$ (11,934,698)</u>	<u>\$ 19,436,771</u>	<u>\$ 1,685,410</u>

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, 2015

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service
<u>ASSETS</u>					
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	626,019	160,614	121,020	1,199,604	83,424
Inventories	29,338	0	0	0	0
Accounts Receivable	87,209	1,228,080	6,442	0	0
Allowance for Uncollectibles	0	(965,427)	0	0	0
Due from Other Governments	213,230	0	328,376	0	8,333
Due from Other Funds	1,200	0	0	0	0
Due from Component Units	2,842	0	0	0	0
Property Taxes Receivable	3,386,755	0	0	329,879	795,897
Allowance for Uncollectible Property Taxes	(232,419)	0	0	(22,639)	(55,893)
Travel Advances	0	0	0	0	0
Notes Receivable - Long-term	0	0	0	52,051	0
Total Assets	\$ 4,114,274	\$ 423,267	\$ 455,838	\$ 1,558,895	\$ 831,761
<u>LIABILITIES</u>					
Accounts Payable	\$ 111,312	\$ 16,402	\$ 8,081	\$ 0	\$ 0
Accrued Payroll	658	46,850	11,175	0	0
Payroll Deductions Payable	66,309	15,467	9,906	0	0
Due to Other Funds	0	0	0	0	0
Due to State of Tennessee	0	5,875	4,737	0	0
Total Liabilities	\$ 178,279	\$ 84,594	\$ 33,899	\$ 0	\$ 0

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,999,306	\$ 0	\$ 0	\$ 292,140	\$ 701,835
Deferred Delinquent Property Taxes	140,289	0	0	12,747	33,431
Other Deferred/Unavailable Revenue	143,060	126,353	169,374	52,051	0
Total Deferred Inflows of Resources	<u>\$ 3,282,655</u>	<u>\$ 126,353</u>	<u>\$ 169,374</u>	<u>\$ 356,938</u>	<u>\$ 735,266</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 29,338	\$ 0	\$ 0	\$ 0	\$ 0
Restricted:					
Restricted for General Government	2,593	0	0	0	0
Restricted for Administration of Justice	16,164	0	0	0	0
Restricted for Public Safety	17,780	0	0	0	0
Restricted for Social, Cultural, and Recreational Services	53	0	0	0	0
Restricted for Highways/Public Works	0	0	100,130	0	0
Restricted for Debt Service	0	0	0	467,898	0
Restricted for Capital Projects	0	0	0	0	0
Restricted for Other Purposes	16,449	0	0	0	0
Committed:					
Committed for General Government	25,698	0	0	0	0
Committed for Public Health and Welfare	0	212,320	0	0	0
Committed for Other Operations	4,433	0	0	0	0
Committed for Highways/Public Works	0	0	152,435	0	0
Committed for Debt Service	0	0	0	734,059	96,495
Assigned:					
Assigned for Finance	28	0	0	0	0

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service
<u>FUND BALANCES (Cont.)</u>					
Assigned (Cont.):					
Assigned for Public Safety	\$ 15,974	\$ 0	\$ 0	\$ 0	\$ 0
Unassigned	524,830	0	0	0	0
Total Fund Balances	<u>\$ 653,340</u>	<u>\$ 212,320</u>	<u>\$ 252,565</u>	<u>\$ 1,201,957</u>	<u>\$ 96,495</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,114,274</u>	<u>\$ 423,267</u>	<u>\$ 455,838</u>	<u>\$ 1,558,895</u>	<u>\$ 831,761</u>

(Continued)

Exhibit C-1

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

	Nonmajor Funds		Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$	147,218	\$	147,318
Equity in Pooled Cash and Investments		869,913		3,060,594
Inventories		0		29,338
Accounts Receivable		2,578		1,324,309
Allowance for Uncollectibles		0		(965,427)
Due from Other Governments		2,705		552,644
Due from Other Funds		0		1,200
Due from Component Units		0		2,842
Property Taxes Receivable		329,879		4,842,410
Allowance for Uncollectible Property Taxes		(22,639)		(333,590)
Travel Advances		500		500
Notes Receivable - Long-term		0		52,051
Total Assets	\$	1,330,154	\$	8,714,189
<u>LIABILITIES</u>				
Accounts Payable	\$	2,621	\$	138,416
Accrued Payroll		2,034		60,717
Payroll Deductions Payable		917		92,599
Due to Other Funds		1,200		1,200
Due to State of Tennessee		0		10,612
Total Liabilities	\$	6,772	\$	303,544

(Continued)

Exhibit C-1

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

	Nonmajor Funds		Total Governmental Funds
	Other Govern- mental Funds		
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 292,140	\$	4,285,421
Deferred Delinquent Property Taxes	13,939		200,406
Other Deferred/Unavailable Revenue	0		490,838
Total Deferred Inflows of Resources	<u>\$ 306,079</u>	<u>\$</u>	<u>4,976,665</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$	29,338
Restricted:			
Restricted for General Government	0		2,593
Restricted for Administration of Justice	0		16,164
Restricted for Public Safety	79,890		97,670
Restricted for Social, Cultural, and Recreational Services	0		53
Restricted for Highways/Public Works	0		100,130
Restricted for Debt Service	0		467,898
Restricted for Capital Projects	591,413		591,413
Restricted for Other Purposes	0		16,449
Committed:			
Committed for General Government	0		25,698
Committed for Public Health and Welfare	346,000		558,320
Committed for Other Operations	0		4,433
Committed for Highways/Public Works	0		152,435
Committed for Debt Service	0		830,554
Assigned:			
Assigned for Finance	0		28

(Continued)

Exhibit C-1

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

FUND BALANCES (Cont.)

Assigned (Cont.):

Assigned for Public Safety

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

	Nonmajor Funds		
	Other		
	Govern- mental Funds	Total Governmental Funds	
\$	0	\$	15,974
	0		524,830
\$	1,017,303	\$	3,433,980
\$	1,330,154	\$	8,714,189

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

Scott County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 3,433,980
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,964,885	
Add: infrastructure net of accumulated depreciation	3,294,600	
Add: buildings and improvements net of accumulated depreciation	13,135,592	
Add: other capital assets net of accumulated depreciation	<u>1,836,838</u>	20,231,915
(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	\$ (831,464)	
Less: other loans payable	(22,188,138)	
Less: bonds payable	(10,020,000)	
Less: compensated absences payable	(200,097)	
Less: landfill postclosure care costs	(2,555,797)	
Less: other postemployment benefits liability	(199,898)	
Less: accrued interest on bonds, notes, and capital leases	(38,539)	
Less: unamortized premium on debt	<u>(165,360)</u>	(36,199,293)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 401,835	
Less: deferred inflows of resources related to pensions	<u>(1,064,186)</u>	(662,351)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in governmental funds		569,807
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>691,244</u>
Net position (deficit) of governmental activities (Exhibit A)		<u>\$ (11,934,698)</u>

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

Exhibit C-3

Scott County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service
<u>Revenues</u>					
Local Taxes	\$ 3,951,966	\$ 0	\$ 235	\$ 907,340	\$ 898,685
Licenses and Permits	43,038	0	0	741	0
Fines, Forfeitures, and Penalties	164,115	0	0	0	0
Charges for Current Services	326,606	1,853,332	0	0	0
Other Local Revenues	397,727	14,214	19,943	136,459	0
Fees Received from County Officials	841,808	0	0	0	0
State of Tennessee	1,883,952	0	2,054,069	0	0
Federal Government	40,261	0	614,666	0	0
Other Governments and Citizens Groups	20,642	0	0	26,025	348,728
Total Revenues	<u>\$ 7,670,115</u>	<u>\$ 1,867,546</u>	<u>\$ 2,688,913</u>	<u>\$ 1,070,565</u>	<u>\$ 1,247,413</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,163,348	\$ 0	\$ 0	\$ 0	\$ 0
Finance	893,976	0	0	0	0
Administration of Justice	825,756	0	0	0	0
Public Safety	3,456,154	0	0	0	0
Public Health and Welfare	287,958	1,708,044	0	0	0
Social, Cultural, and Recreational Services	129,005	0	0	0	0
Agriculture and Natural Resources	57,481	0	0	0	0
Other Operations	1,139,453	0	0	0	0
Highways	235	0	1,832,519	0	0
Debt Service:					
Principal on Debt	0	0	1,090,887	831,400	697,297
Interest on Debt	0	0	59,529	128,279	191,365
Other Debt Service	0	0	0	157,581	29,171

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	<u>\$ 7,953,366</u>	<u>\$ 1,708,044</u>	<u>\$ 2,982,935</u>	<u>\$ 1,117,260</u>	<u>\$ 917,833</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (283,251)</u>	<u>\$ 159,502</u>	<u>\$ (294,022)</u>	<u>\$ (46,695)</u>	<u>\$ 329,580</u>
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 11,638	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	25,000	0	0	49,404	0
Transfers Out	0	(20,000)	(49,404)	0	(275,000)
Total Other Financing Sources (Uses)	<u>\$ 36,638</u>	<u>\$ (20,000)</u>	<u>\$ (49,404)</u>	<u>\$ 49,404</u>	<u>\$ (275,000)</u>
Net Change in Fund Balances	\$ (246,613)	\$ 139,502	\$ (343,426)	\$ 2,709	\$ 54,580
Fund Balance, July 1, 2014	<u>899,953</u>	<u>72,818</u>	<u>595,991</u>	<u>1,199,248</u>	<u>41,915</u>
Fund Balance, June 30, 2015	<u><u>\$ 653,340</u></u>	<u><u>\$ 212,320</u></u>	<u><u>\$ 252,565</u></u>	<u><u>\$ 1,201,957</u></u>	<u><u>\$ 96,495</u></u>

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<hr/>			
<u>Revenues</u>			
Local Taxes	\$ 287,623	\$	6,045,849
Licenses and Permits	0		43,779
Fines, Forfeitures, and Penalties	62,928		227,043
Charges for Current Services	157,896		2,337,834
Other Local Revenues	27,628		595,971
Fees Received from County Officials	0		841,808
State of Tennessee	39,146		3,977,167
Federal Government	0		654,927
Other Governments and Citizens Groups	0		395,395
Total Revenues	<u>\$ 575,221</u>	<u>\$</u>	<u>15,119,773</u>
 <u>Expenditures</u>			
Current:			
General Government	\$ 67,910	\$	1,231,258
Finance	24,425		918,401
Administration of Justice	6,750		832,506
Public Safety	125,122		3,581,276
Public Health and Welfare	171,657		2,167,659
Social, Cultural, and Recreational Services	2,960		131,965
Agriculture and Natural Resources	0		57,481
Other Operations	82,239		1,221,692
Highways	20,631		1,853,385
Debt Service:			
Principal on Debt	0		2,619,584
Interest on Debt	0		379,173
Other Debt Service	0		186,752

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>			
Capital Projects	\$ 30,304	\$ 30,304	
Total Expenditures	<u>\$ 531,998</u>	<u>\$ 15,211,436</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 43,223</u>	<u>\$ (91,663)</u>	
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 11,638	
Transfers In	275,000	349,404	
Transfers Out	(5,000)	(349,404)	
Total Other Financing Sources (Uses)	<u>\$ 270,000</u>	<u>\$ 11,638</u>	
Net Change in Fund Balances	\$ 313,223	\$ (80,025)	
Fund Balance, July 1, 2014	<u>704,080</u>	<u>3,514,005</u>	
Fund Balance, June 30, 2015	<u><u>\$ 1,017,303</u></u>	<u><u>\$ 3,433,980</u></u>	

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, 2015

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)		\$	(80,025)
(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	\$	192,579	
Less: current-year depreciation expense		<u>(1,121,546)</u>	(928,967)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.			
Less: net book value of disposed assets			(7,996)
(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, 2015	\$	691,244	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(597,729)</u>	93,515
(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 position. Also, governmental funds report the effect of 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	\$	17,030	
Add: principal payments on notes		1,147,184	
Add: principal payments on other loans		807,400	
Add: principal payments on bonds		665,000	
Less: change in deferred amount on refunding debt		<u>(348)</u>	2,636,266
(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	\$	(10,984)	
Change in compensated absences payable		(15,857)	
Change in net pension liability/asset		1,127,469	
Change in deferred outflows related to pensions		401,835	
Change in deferred inflows related to pensions		(1,064,186)	
Change in other postemployment benefits liability		(11,744)	
Change in landfill postclosure care costs		<u>(34,928)</u>	391,605
Change in net position of governmental activities (Exhibit B)		\$	<u>2,104,398</u>

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

Exhibit C-5

Scott County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,951,966	\$ 0	\$ 0	\$ 3,951,966	\$ 3,812,383	\$ 3,837,283	\$ 114,683
Licenses and Permits	43,038	0	0	43,038	25,500	25,500	17,538
Fines, Forfeitures, and Penalties	164,115	0	0	164,115	134,400	141,650	22,465
Charges for Current Services	326,606	0	0	326,606	364,100	364,100	(37,494)
Other Local Revenues	397,727	0	0	397,727	544,356	550,856	(153,129)
Fees Received from County Officials	841,808	0	0	841,808	813,500	835,500	6,308
State of Tennessee	1,883,952	0	0	1,883,952	1,911,664	2,128,050	(244,098)
Federal Government	40,261	0	0	40,261	17,000	17,000	23,261
Other Governments and Citizens Groups	20,642	0	0	20,642	0	20,642	0
Total Revenues	\$ 7,670,115	\$ 0	\$ 0	\$ 7,670,115	\$ 7,622,903	\$ 7,920,581	\$ (250,466)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 165,201	\$ 0	\$ 0	\$ 165,201	\$ 170,327	\$ 177,170	\$ 11,969
County Mayor/Executive	149,232	(177)	0	149,055	154,290	154,290	5,235
County Attorney	57,445	0	0	57,445	56,987	57,236	(209)
Election Commission	212,533	(2,971)	0	209,562	226,274	221,274	11,712
Register of Deeds	147,430	(164)	0	147,266	159,587	159,587	12,321
County Buildings	431,507	(1,580)	0	429,927	436,751	435,751	5,824
<u>Finance</u>							
Accounting and Budgeting	280,977	(28)	0	280,949	286,595	286,595	5,646
Property Assessor's Office	214,453	0	0	214,453	207,760	217,934	3,481
County Trustee's Office	163,640	(254)	28	163,414	165,325	165,325	1,911
County Clerk's Office	234,906	(956)	0	233,950	233,587	236,477	2,527
<u>Administration of Justice</u>							
Circuit Court	266,668	(1,273)	0	265,395	280,742	278,017	12,622
General Sessions Court	332,810	(3,806)	0	329,004	304,592	330,316	1,312
Chancery Court	145,282	0	0	145,282	144,599	146,839	1,557
District Attorney General	48,389	0	0	48,389	40,000	41,500	(6,889)
Office of Public Defender	32,607	0	0	32,607	12,000	32,642	35

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 1,604,140	\$ (3,191)	\$ 0	\$ 1,600,949	\$ 1,593,632	\$ 1,645,928	\$ 44,979
Administration of the Sexual Offender Registry	3,839	(200)	0	3,639	0	4,500	861
Jail	1,532,910	(28,881)	2,749	1,506,778	1,472,670	1,541,266	34,488
Juvenile Services	251,996	(1,675)	546	250,867	236,720	254,116	3,249
Fire Prevention and Control	2,000	0	0	2,000	2,000	2,000	0
Civil Defense	49,650	0	0	49,650	50,094	53,838	4,188
Rescue Squad	8,000	0	0	8,000	8,000	8,000	0
County Coroner/Medical Examiner	3,619	0	0	3,619	6,002	6,002	2,383
<u>Public Health and Welfare</u>							
Local Health Center	87,723	(43)	0	87,680	61,058	89,658	1,978
Other Local Health Services	198,766	0	0	198,766	201,400	201,400	2,634
General Welfare Assistance	1,469	0	0	1,469	2,250	2,250	781
Other Local Welfare Services	0	0	0	0	244	244	244
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	75,656	0	0	75,656	76,925	83,425	7,769
Libraries	53,349	(944)	0	52,405	52,825	52,825	420
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	57,481	(15,528)	0	41,953	42,651	43,651	1,698
<u>Other Operations</u>							
Tourism	69,089	(386)	0	68,703	67,996	69,263	560
Industrial Development	6,500	0	0	6,500	0	6,500	0
Airport	445,999	0	0	445,999	299,549	449,794	3,795
Veterans' Services	46,728	0	0	46,728	46,948	46,948	220
Contributions to Other Agencies	79,108	0	0	79,108	45,000	80,200	1,092
Miscellaneous	492,029	0	0	492,029	448,550	496,202	4,173
<u>Highways</u>							
Highway and Bridge Maintenance	235	0	0	235	235	235	0
Total Expenditures	\$ 7,953,366	\$ (62,057)	\$ 3,323	\$ 7,894,632	\$ 7,594,165	\$ 8,079,198	\$ 184,566

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (283,251)	\$ 62,057	\$ (3,323)	\$ (224,517)	\$ 28,738	\$ (158,617)	\$ (65,900)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,638	\$ 0	\$ 0	\$ 11,638	\$ 0	\$ 11,638	\$ 0
Transfers In	25,000	0	0	25,000	160,000	160,000	(135,000)
Total Other Financing Sources	\$ 36,638	\$ 0	\$ 0	\$ 36,638	\$ 160,000	\$ 171,638	\$ (135,000)
Net Change in Fund Balance	\$ (246,613)	\$ 62,057	\$ (3,323)	\$ (187,879)	\$ 188,738	\$ 13,021	\$ (200,900)
Fund Balance, July 1, 2014	899,953	(62,057)	0	837,896	729,706	729,706	108,190
Fund Balance, June 30, 2015	\$ 653,340	\$ 0	\$ (3,323)	\$ 650,017	\$ 918,444	\$ 742,727	\$ (92,710)

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

Exhibit C-6

Scott County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Ambulance Service Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,853,332	\$ 0	\$ 1,853,332	\$ 2,100,000	\$ 2,100,000	\$ (246,668)
Other Local Revenues	14,214	0	14,214	0	0	14,214
Total Revenues	<u>\$ 1,867,546</u>	<u>\$ 0</u>	<u>\$ 1,867,546</u>	<u>\$ 2,100,000</u>	<u>\$ 2,100,000</u>	<u>\$ (232,454)</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	\$ 1,708,044	\$ (22,144)	\$ 1,685,900	\$ 1,922,389	\$ 1,971,503	\$ 285,603
Total Expenditures	<u>\$ 1,708,044</u>	<u>\$ (22,144)</u>	<u>\$ 1,685,900</u>	<u>\$ 1,922,389</u>	<u>\$ 1,971,503</u>	<u>\$ 285,603</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 159,502</u>	<u>\$ 22,144</u>	<u>\$ 181,646</u>	<u>\$ 177,611</u>	<u>\$ 128,497</u>	<u>\$ 53,149</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,115	\$ (49,115)
Transfers Out	(20,000)	0	(20,000)	(160,000)	(160,000)	140,000
Total Other Financing Sources	<u>\$ (20,000)</u>	<u>\$ 0</u>	<u>\$ (20,000)</u>	<u>\$ (160,000)</u>	<u>\$ (110,885)</u>	<u>\$ 90,885</u>
Net Change in Fund Balance	\$ 139,502	\$ 22,144	\$ 161,646	\$ 17,611	\$ 17,612	\$ 144,034
Fund Balance, July 1, 2014	<u>72,818</u>	<u>(22,144)</u>	<u>50,674</u>	<u>317,605</u>	<u>317,605</u>	<u>(266,931)</u>
Fund Balance, June 30, 2015	<u><u>\$ 212,320</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 212,320</u></u>	<u><u>\$ 335,216</u></u>	<u><u>\$ 335,217</u></u>	<u><u>\$ (122,897)</u></u>

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

Exhibit C-7

Scott County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 235	\$ 235	\$ 235	\$ 0
Other Local Revenues	19,943	2,000	44,968	(25,025)
State of Tennessee	2,054,069	2,642,131	2,642,131	(588,062)
Federal Government	614,666	0	560,991	53,675
Total Revenues	<u>\$ 2,688,913</u>	<u>\$ 2,644,366</u>	<u>\$ 3,248,325</u>	<u>\$ (559,412)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 119,586	\$ 117,238	\$ 122,889	\$ 3,303
Highway and Bridge Maintenance	1,117,949	959,741	1,198,027	80,078
Operation and Maintenance of Equipment	379,819	304,406	443,116	63,297
Other Charges	148,293	66,000	150,665	2,372
Employee Benefits	66,872	97,273	65,832	(1,040)
Capital Outlay	0	300,000	9,210	9,210
<u>Principal on Debt</u>				
Highways and Streets	1,090,887	690,886	1,099,764	8,877
<u>Interest on Debt</u>				
General Government	0	59,418	0	0
Highways and Streets	59,529	0	109,418	49,889
Total Expenditures	<u>\$ 2,982,935</u>	<u>\$ 2,594,962</u>	<u>\$ 3,198,921</u>	<u>\$ 215,986</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (294,022)</u>	<u>\$ 49,404</u>	<u>\$ 49,404</u>	<u>\$ (343,426)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (49,404)	\$ (49,404)	\$ (49,404)	\$ 0
Total Other Financing Sources	<u>\$ (49,404)</u>	<u>\$ (49,404)</u>	<u>\$ (49,404)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (343,426)	0	0	(343,426)
Fund Balance, July 1, 2014	595,991	455,079	455,079	140,912
Fund Balance, June 30, 2015	<u>\$ 252,565</u>	<u>\$ 455,079</u>	<u>\$ 455,079</u>	<u>\$ (202,514)</u>

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

Exhibit D

Scott County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

	Proprietary Fund - Enterprise Fund
	Public Utility Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 23,100
Payments for Payroll Deductions	(60)
Payments to Vendors	(31,830)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (8,790)</u>
Increase (Decrease) in Cash	\$ (8,790)
Cash, July 1, 2014	<u>8,790</u>
Cash, June 30, 2015	<u><u>\$ 0</u></u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 0
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Operating Receivables	23,100
Increase (Decrease) in Current Operating Liabilities	<u>(31,890)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (8,790)</u></u>

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

Exhibit E

Scott County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 571,777
Equity in Pooled Cash and Investments	274,937
Accounts Receivable	8,726
Due from Other Governments	379,617
Property Taxes Receivable	1,541,985
Allowance for Uncollectible Taxes	<u>(99,295)</u>
Total Assets	<u><u>\$ 2,677,747</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 13,485
Payroll Deductions Payable	2,125
Due to Other Taxing Units	1,884,038
Due to Litigants, Heirs, and Others	572,434
Due to Joint Ventures	<u>205,665</u>
Total Liabilities	<u><u>\$ 2,677,747</u></u>

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

SCOTT COUNTY, TENNESSEE

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SCOTT COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scott County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Scott County:

A. Reporting Entity

Scott County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Scott County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Blended Component Unit – 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 for payment of obligations of the airport authority, and most financial transactions are accounted for through the county's General Fund. Long-term debt of the authority was assumed by the county and refinanced as general obligation debt of the county. That debt is retired through the General Debt Service Fund.

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, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Scott County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Scott County, and the County Commission appoints its governing body. The district is funded primarily through a service charge

levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Scott County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Scott County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Scott County Emergency Communications District
P.O. Box 406
Huntsville, TN 37756

Related Organization – The Scott County Industrial Development Board is a related organization of Scott County. The County Commission appoints the board members, but the county's accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position 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. However, Scott County does not have any business-type activities to report. 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, 2015.

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. The county's only proprietary fund (an enterprise fund) was closed during the prior year and the only transactions reported for the current year are reported on the Statement of Cash Flows.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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, which was closed during the year. 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 reports only one proprietary fund, the public utility fund. This fund ceased operations in the prior year and the only transactions for the current year are those reported on the cash flow statement.

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, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

Special Revenue Funds – These funds 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.

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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 are referred to as due to/from other funds.

All ambulance and property tax receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to four percent of total taxes levied. 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.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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.

3. Inventories

Inventories of Scott County are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

4. **Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	5 - 15
Infrastructure	20 - 50

5. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred

inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension other deferrals, and various receivables for revenues, which do not meet the availability criteria for governmental funds.

6. Compensated Absences

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

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

A portion of the balance in “Restricted for Other Purposes” for the primary government (\$569,807) and a portion of the balance in “Restricted for Education” for the discretely presented School Department (\$692,222) is attributable to Net Pension Assets.

As of June 30, 2015, Scott County had \$21,447,000 in outstanding debt for capital purposes of the discretely presented Scott County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county, the Oneida Special School District, based on an average daily attendance proration. The debt is a liability of Scott County, but the capital assets acquired are reported in the financial statements of the other entities. Therefore, Scott County has incurred a liability significantly decreasing its unrestricted net position 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 has by resolution authorized the county's Financial Management Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers

are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Scott County's beginning net position by \$557,662 has been recognized on the Statement of Activities. In addition, a restatement decreasing the discretely presented School Department's beginning net position by \$4,265,288 has been recognized in the Statement of Activities for liabilities of the pension agent plan (\$633,161) and the pension cost-sharing plan (\$3,632,127).

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Scott County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Scott County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Scott County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

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 Position

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 Position.

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 Position.

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 position 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 position 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 Constitutional Officers – Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds (except for the General Capital Projects Fund), which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major

categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Balance Deficit

The School Federal Projects Fund (special revenue fund) of the discretely presented Scott County School Department had a deficit in unassigned fund balance of \$33,926 at June 30, 2015. This deficit resulted from the failure to request reimbursements through federal grants on a timely basis. The deficit in unassigned fund balance was liquidated when revenues were recognized after June 30, 2015.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
General Government:	
County Attorney	\$ 209
Administration of Justice:	
District Attorney General	6,889
Highway/Public Works:	
Highways:	
Employee Benefits	1,040
Discretely Presented School Department:	
General Purpose School:	
Support Services:	
Central and Other	1,036

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues and by available fund balances.

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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 disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the 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, 2015.

B. Notes Receivable

Notes receivable of \$52,051 are reflected in the General Debt Service Fund for amounts due from the sale of the Scott County Hospital to Pioneer Health Services, Inc., The amount of the receivable not expected to be received within one year is \$26,025. In the fund financial statements, the receivable is offset by deferred revenues since none of the amounts due meet the availability criteria for revenue recognition in governmental funds.

C. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 1,964,885	\$ 0	\$ 0	\$ 1,964,885
Total Capital Assets Not Depreciated	\$ 1,964,885	\$ 0	\$ 0	\$ 1,964,885
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,209,759	\$ 49,990	\$ 0	\$ 19,259,749
Infrastructure	3,924,049	0	0	3,924,049
Other Capital Assets	5,394,593	142,589	(68,573)	5,468,609
Total Capital Assets Depreciated	\$ 28,528,401	\$ 192,579	\$ (68,573)	\$ 28,652,407
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,658,083	\$ 466,074	\$ 0	\$ 6,124,157
Infrastructure	523,099	106,350	0	629,449
Other Capital Assets	3,143,226	549,122	(60,577)	3,631,771
Total Accumulated Depreciation	\$ 9,324,408	\$ 1,121,546	\$ (60,577)	\$ 10,385,377
Total Capital Assets Depreciated, Net	\$ 19,203,993	\$ (928,967)	\$ (7,996)	\$ 18,267,030
Governmental Activities Capital Assets, Net	\$ 21,168,878	\$ (928,967)	\$ (7,996)	\$ 20,231,915

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

Governmental Activities:

General Government	\$ 435,750
Finance	343
Administration of Justice	2,714
Public Safety	245,903
Public Health and Welfare	110,799
Social, Cultural, and Recreational Services	167,420
Highways	158,617
Total Depreciation Expense - Governmental Activities	<u>\$ 1,121,546</u>

Discretely Presented Scott County School Department

Capital assets activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
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	\$ 28,871,789	\$ 98,290	\$ 0	\$ 28,970,079
Other Capital Assets	5,108,944	153,406	(144,313)	5,118,037
Total Capital Assets Depreciated	\$ 33,980,733	\$ 251,696	\$ (144,313)	\$ 34,088,116
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,579,311	\$ 706,208	\$ 0	\$ 11,285,519
Other Capital Assets	3,786,526	285,343	(144,313)	3,927,556
Total Accumulated Depreciation	\$ 14,365,837	\$ 991,551	\$ (144,313)	\$ 15,213,075
Total Capital Assets Depreciated, Net	\$ 19,614,896	\$ (739,855)	\$ 0	\$ 18,875,041
Governmental Activities Capital Assets, Net	\$ 20,525,457	\$ (739,855)	\$ 0	\$ 19,785,602

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

Governmental Activities:

Instruction	\$ 6,465
Support Services	921,448
Operation of Non-instructional Services	<u>63,638</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 991,551</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,200

This balance 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.

Due to/from Primary Government and Component Units:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
General	School Department:	
	General Purpose School	\$ 2,842

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	Nonmajor Governmental Funds
Ambulance Service Fund	\$ 20,000	\$ 0	\$ 0
Highway/Public Works Fund	0	49,404	0
Rural Debt Service Fund	0	0	275,000
Nonmajor governmental funds	5,000	0	0
Total	\$ 25,000	\$ 49,404	\$ 275,000

Discretely Presented Scott County School Department

	<u>Transfer In</u>
	General
	Purpose
	School
<u>Transfer Out</u>	<u>Fund</u>
Nonmajor governmental funds	\$ 37,000

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

E. Income from Operating Lease Commitments

Scott County has leased operations of its nursing home to Preferred Health Services. The initial lease agreement expired August 31, 2013; however, the lease has been extended for a period of five years and will now expire August 31, 2018. 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 \$105,807 annually. The agreement includes a cancellation clause; therefore, a schedule of future income is not presented for this agreement.

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Scott County issues general obligation bonds and other loans to provide funds for the acquisition, construction, and renovation of major capital facilities for the primary government and the discretely presented School Department. 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 21 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 \$831,464 will

be retired from the Highway/Public Works Fund. All other notes, bonds, and other loans outstanding will be retired from the debt service funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	3 to 4.5 %	6-1-28	\$ 1,250,000	\$ 1,025,000
General Obligation Bonds - Refunding	2 to 3.4	6-1-35	9,610,000	8,995,000
Capital Outlay Notes	2.94 to 4.99	6-30-17	2,122,205	831,464
Other Loans	Variable	5-25-35	27,594,938	22,188,138

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, 2015:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-15	Interest Type	Interest Rates as of 6-30-15	Other Fees on Variable Rate Debt
<u>Montgomery County Public Building Authority</u>					
Building and Equipment	\$ 1,000,000	\$ 360,200	Variable	0.13%	1.03%
Various School Projects	3,000,000	1,481,000	Variable	0.09	0.79
Justice Center	9,654,938	(1) 8,020,938	Variable	0.14	0.69
<u>City of Clarksville Public Building Authority</u>					
School Renovations and Improvements	13,940,000	<u>12,326,000</u>	Variable	0.10	0.68
Total		<u>\$ 22,188,138</u>			

(1) The total amount available for draws under this loan agreement was \$10,000,000. However, \$345,062 of that amount was never borrowed.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2015, including interest and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 630,000	\$ 273,526	\$ 903,526
2017	640,000	259,826	899,826
2018	595,000	245,826	840,826
2019	595,000	232,726	827,726
2020	580,000	219,201	799,201
2021-2025	3,535,000	869,931	4,404,931
2026-2030	3,270,000	280,201	3,550,201
2031-3035	175,000	18,530	193,530
Total	<u>\$ 10,020,000</u>	<u>\$ 2,399,767</u>	<u>\$ 12,419,767</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 632,398	\$ 23,030	\$ 655,428
2017	199,066	1,805	200,871
Total	<u>\$ 831,464</u>	<u>\$ 24,835</u>	<u>\$ 856,299</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 845,000	\$ 20,938	\$ 222,000	\$ 1,087,938
2017	883,600	20,138	213,892	1,117,630
2018	924,400	19,301	205,408	1,149,109
2019	967,300	18,425	196,526	1,182,251
2020	1,013,400	17,509	187,228	1,218,137
2021-2025	5,079,500	72,931	785,512	5,937,943
2026-2030	5,632,000	48,882	526,514	6,207,396
2031-3035	6,842,938	19,476	205,674	7,068,088
Total	<u>\$ 22,188,138</u>	<u>\$ 237,600</u>	<u>\$ 2,542,754</u>	<u>\$ 24,968,492</u>

There is \$1,298,452 available in the debt service funds to service long-term debt. Debt per capita, including notes, bonds, and other loans totaled \$1,076 for residents living inside the Oneida Special School District and \$1,570 for residents living outside the Oneida Special School District.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2014	\$ 10,685,000	\$ 1,978,648	\$ 22,995,538
Additions	0	0	0
Reductions	(665,000)	(1,147,184)	(807,400)
Balance, June 30, 2015	<u>\$ 10,020,000</u>	<u>\$ 831,464</u>	<u>\$ 22,188,138</u>
Balance Due Within One Year	<u>\$ 630,000</u>	<u>\$ 632,398</u>	<u>\$ 845,000</u>

	Compensated Absences
Balance, July 1, 2014	\$ 184,240
Additions	157,479
Reductions	(141,622)
Balance, June 30, 2015	<u>\$ 200,097</u>
Balance Due Within One Year	<u>\$ 160,078</u>

	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2014	\$ 2,520,869	\$ 188,154
Additions	47,655	14,194
Reductions	(12,727)	(2,450)
Balance, June 30, 2015	<u>\$ 2,555,797</u>	<u>\$ 199,898</u>
Balance Due Within One Year	<u>\$ 90,831</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 35,995,394
Less: Balance Due Within One Year	(2,358,307)
Add: Unamortized Premium on Debt	<u>165,360</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 33,802,447</u></u>

During the year, the discretely presented Scott County School Department contributed \$348,728 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.

Discretely Presented Scott County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Scott County School Department for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2014	\$ 2,827,104
Additions	516,913
Reductions	<u>(172,798)</u>
Balance, June 30, 2015	<u><u>\$ 3,171,219</u></u>
Balance Due Within One Year	<u><u>\$ 0</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 3,171,219
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 3,171,219</u></u>

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

G. Pledges of 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. The principal, estimated interest, and estimated fee requirements for the loans totaled \$14,456,581, 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 \$494,171 and \$572,328, respectively. A portion of restricted fund balance in the General Debt Service Fund (\$235,769) represents the cumulative amount that these pledged revenues have exceeded the debt service requirements for the bonds since the inception of the wheel tax.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Scott County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2015, were \$98,656 and \$21,250, 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 tax anticipation notes in the form of 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, 2015, was as follows:

		Balance			Balance
		7-1-14	Issued	Paid	6-30-15
<hr/>					
Primary Government:					
From General Debt Service					
Fund to General Fund	\$	0	\$ 275,000	\$ (275,000)	\$ 0
From General Debt Service					
Fund to Ambulance Service					
Fund		0	100,000	(100,000)	0

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. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Events

Finance Director Brian Strunk resigned on November 27, 2015, and was succeeded by Ginger Reynolds effective December 21, 2015.

On August 27, 2015, Scott County issued a \$337,000 tax anticipation note to the General Fund for temporary operating funds.

Subsequent to June 30, 2015, Scott County extended the maturity dates for two capital outlay notes, which are being retired through the Highway/Public Works Fund. The notes, with a combined outstanding balance of \$433,334, were scheduled to mature during the 2015-16 fiscal year. The maturity date for \$137,778 of the outstanding balance has been extended to the 2016-17 year and \$137,778 has been extended to the 2017-18 fiscal year.

D. Contingent Liabilities

The county is involved in several pending lawsuits. Management believes the outcome of any 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

On August 31, 2014, Jeff Tibbals left the Office of County Mayor and was succeeded by Dale Perdue.

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 or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Scott County closed its sanitary landfill in 2007. The \$2,555,797 reported as postclosure care liability at June 30, 2015, represents amounts based on what it would cost to perform all postclosure care in 2015. 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, 2015, 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, 2015.

I. Retirement Commitments

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Scott County and non-certified employees of the discretely presented Scott County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 46.83 percent and the non-certified employees of the discretely presented School Department comprise 53.17 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	215
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	352
Active Employees	363
Total	<u>930</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Scott County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Scott County were 634,260 based on a rate of 6.85 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Scott County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Scott County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		<u>100 %</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount

rate assumes that employee contributions will be made at the current rate and that contributions from Scott County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 23,651,748	\$ 21,861,011	\$ 1,790,737
Changes for the year:			
Service Cost	\$ 707,578	\$ 0	\$ 707,578
Interest	1,788,261	0	1,788,261
Differences Between Expected and Actual Experience	(858,120)	0	(858,120)
Contributions-Employer	0	599,915	(599,915)
Contributions-Employees	0	437,771	(437,771)
Net Investment Income	0	3,621,707	(3,621,707)
Benefit Payments, Including Refunds of Employee Contributions	(1,031,694)	(1,031,694)	0
Administrative Expense	0	(14,181)	14,181
Other Changes	0	0	0
Net Changes	\$ 606,025	\$ 3,613,518	\$ (3,007,493)
Balance, June 30, 2014	\$ 24,257,773	\$ 25,474,529	\$ (1,216,756)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability		Plan Fiduciary Net Position		Net Pension Liability (Asset)
Primary Government	46.83%	\$ 11,359,915	\$	11,929,722	\$	(569,807)
School Department	53.17%	12,897,858		13,544,807		(646,949)
Total		\$ 24,257,773	\$	25,474,529	\$	(1,216,756)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Scott County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Scott County			

Net Pension Liability \$ 1,915,242 \$ (1,216,756) \$ (3,800,965)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Income. For the year ended June 30, 2015, Scott County recognized pension income of \$135,132.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Scott County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 686,496
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,585,950
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	634,260	N/A
Total	<u>\$ 634,260</u>	<u>\$ 2,272,446</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 401,835	\$ 1,064,186
School Department	232,425	1,208,260
Total	<u>\$ 634,260</u>	<u>\$ 2,272,446</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (568,112)
2017	(568,112)
2018	(568,112)
2019	(568,112)
2020	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Scott County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Scott County and non-certified employees of the discretely presented Scott County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 46.83 percent and the non-certified employees of the discretely presented School Department comprise 53.17 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Scott County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related

disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$10,366, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Scott County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Scott County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 10,366	N/A

The Scott County School Department's employer contributions of \$10,366 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Scott County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment

(COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEAs if the required employer contributions are not remitted. Employer contributions by the Scott County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$978,102, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Scott County School Department reported an asset of \$45,273 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Scott County Schools' proportion of the net pension liability was based on Scott County Schools' employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, Scott County Schools proportion was .278613 percent. The proportion measured as of June 30, 2013, was .279722 percent.

Pension Income. For the year ended June 30, 2015, the Scott County School Department recognized a pension income of \$41,435.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Scott County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 109,912	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,730,230
Changes in Proportion of Net Pension Liability (Asset)	0	15,647
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	978,102	N/A
Total	<u>\$ 1,088,014</u>	<u>\$ 3,745,877</u>

The Scott County School Department's employer contributions of \$978,102 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (916,847)
2017	(916,847)
2018	(916,847)
2019	(916,847)
2020	15,711
Thereafter	15,711

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income	4.61		8	
Real Estate	0.98		29	
Short-term Securities	4.73		7	
	0.00		1	
Total			<u>100</u>	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Scott County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Scott County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability	\$ 7,635,851	\$ (45,273)	\$ (6,404,412)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the discretely presented Scott County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Scott County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Scott County School Department contributed \$12,957 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

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 individual 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, 2014.

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 health care 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 health care 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 \$51 to \$850 per month depending on years of service and type of coverage. During the year ended June 30, 2015, the discretely presented Scott County School Department contributed \$172,798 for post-employment benefits, and the primary government contributed \$2,450.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan		Medicare Supplement Plan Primary Government		School Department
ARC	\$ 442,000	\$	14,000	\$	72,000
Interest on the NOPEBO	96,489		7,526		16,595
Adjustment to the ARC	(94,004)		(7,332)		(16,167)
Annual OPEB cost	\$ 444,485	\$	14,194	\$	72,428
Amount of contribution	(167,623)		(2,450)		(5,175)
Increase/decrease in NOPEBO	\$ 276,862	\$	11,744	\$	67,253
Net OPEB obligation, 7-1-14	2,412,236		188,154		414,868
Net OPEB obligation, 6-30-15	\$ 2,689,098	\$	199,898	\$	482,121

Fiscal Year Ended	Plans		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$	583,569	35	% \$	2,182,933
6-30-14	"		429,249	47		2,412,236
6-30-15	"		444,458	38		2,689,098
6-30-13	Medicare Supplement- Primary Government		45,668	6		177,587
6-30-14	"		13,117	19		188,154
6-30-15	"		14,194	17		199,898
6-30-13	Medicare Supplement- School Department		76,316	6		349,458
6-30-14	"		70,360	7		414,868
6-30-15	"		72,428	7		482,121

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan	Medicare Supplement Plan Primary Government	School Department
Actuarial valuation date	7-1-13	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 3,849,000	\$ 157,000	\$ 1,019,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,849,000	\$ 157,000	\$ 1,019,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 10,287,444	\$ N/A	\$ N/A
UAAL as a % of covered payroll	37%	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, 2013, actuarial valuation for the Local Government Plan and 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 health care cost trend rate was seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual health care cost trend rate for the Medicare Supplement Plan was six percent for fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both 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 July 1, 2007.

K. Termination Benefits

The Scott County Board of Education adopted a policy to pay certified employees \$50 for each sick leave day that they had accumulated at the time of their retirement. Since payments will be calculated and made at the actual time of retirement, the amount of future payments was not measurable at June 30, 2015. Payments totaling \$35,650 were paid to six individuals who retired during the year ending June 30, 2015.

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 all customers who have access to 911 a charge of \$1.16 per month. As of June 30, 2015, the district had 5,480 residential customers and 1,235 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 \$6,681 on all investments for the year ended June 30, 2015.

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 are 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 pensionable 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 \$1,564,411 and the bank balance was \$1,577,078. Of that amount, \$857,594 was insured by the FDIC, and the remainder was collateralized by a third-party in the district's name.

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

Capital Assets – Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair market value at the date of donation. The straight-line method of depreciation is used to calculate depreciation over a five-year period. Depreciation expense for the current year was \$48,459.

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.

	Balance				Balance
	7-1-14	Additions	Dispositions		6-30-15
<u>Equipment</u>					
Mapping Equipment	\$ 116,102	\$ 0	\$ 0	\$	116,102
Communication Equipment	240,859	0	0		240,859
Vehicles	24,500	36,281	(24,500)		36,281
	<u>\$ 381,461</u>	<u>\$ 36,281</u>	<u>\$ (24,500)</u>	<u>\$</u>	<u>393,242</u>
<u>Accumulated Depreciation</u>					
Mapping Equipment	\$ (104,770)	\$ (4,357)	\$ 0	\$	(109,127)
Communication Equipment	(101,368)	(40,647)	0		(142,015)
Vehicles	(24,500)	(3,455)	24,500		(3,455)
	<u>\$ (230,638)</u>	<u>\$ (48,459)</u>	<u>\$ 24,500</u>	<u>\$</u>	<u>(254,597)</u>
Net Investment in Capital Assets	<u>\$ 150,823</u>	<u>\$ (12,178)</u>	<u>\$ 0</u>	<u>\$</u>	<u>138,645</u>

Risk Management – The district is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The district has obtained commercial insurance to manage these risks. Management does not believe any claims will exceed the insurance amount. Software coverage is \$250,000; auto coverage includes collision and comprehensive coverage with deductibles of \$250 and \$500, respectively, and general liability of \$2,000,000 for 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.

Net Position and Fund Balance – In the financial statements, equity is classified as net position and is displayed in three components:

1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation.
2. Restricted net position – Consists of net position 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.
3. Unrestricted net position – All other net position that does not meet the definition of restricted or invested in capital assets.

It is the district'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.

Restatement - In prior years, the District was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore a restatement to the district's beginning net position has been recognized on the statement of Activities totaling \$1,284.

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.

Deferred Outflows/Inflows of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows or resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district has items that qualify for reporting in this category. Accordingly, the items are reported in the Statement of Net Position. These items are for pension changes in experience, changes in pension proportionate share of contributions, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the Statement of Net Position. These items are from pension changes in experience, and changes in pension investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Scott County Emergency Communications District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Scott County Emergency Communications District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For the purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

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. Pension Plan

Plan Description

Employees of the district are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service

related disability benefits are determined in the same manner as a service retirement benefit, but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than .5 percent. A one percent COLA is granted if the CPI change is between .5 percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	1
	<hr/>
	2
	<hr/>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the district were \$2,012 based on a rate of 6.78 percent. By law, employer contributions are required to be paid. The TCRS may intercept the District's state shared taxes if required contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The district's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of assets classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	6.46	% 33 %
Developed market international equity	6.26	17
Emerging market international equity	6.40	5
Private equity and strategic lending	4.61	8
U.S. fixed income	0.98	29
Real estate	4.73	7
Short-term securities	0.00	1
		<hr/> 100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5% based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from the District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Changes for the year ended June 30, 2014:			
Increase (decrease)			
Service cost	\$ 3,667	\$ 0	\$ 3,667
Interest	7,087	0	7,087
Differences between expected and actual experience	34,579	0	34,579
Contributions - employer	0	954	(954)
Contributions - employees	0	1,801	(1,801)
Net investment income	0	15,330	(15,330)
Benefit payments, including refunds of employee contributions	(3,036)	(3,036)	0
Administrative expense	0	(39)	39
Net changes for the year ended June 30, 2014	\$ 42,297	\$ 15,010	\$ 27,287
Balance at June 30, 2013	92,351	92,681	(330)
Balance at June 30, 2014	\$ 134,648	\$ 107,691	\$ 26,957

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the District calculated using the discount rate of 7.5%, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that was 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability (Asset)	\$ 50,505	\$ 26,957	\$ 7,858

Pension Expense

For the year ended June 30, 2015, the district recognized in the government-wide statement of activities pension expense in the amount of \$7,291.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,663	\$ 0
Net difference between projected and actual earnings on pension plan investments	0	6,713
Contributions subsequent to the measurement date of June 30, 2014	2,012	N/A
Total	<u>\$ 29,675</u>	<u>\$ 6,713</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (expense) to net pension liability (asset) in the following measurement period.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Total Payments
2016	\$ 5,238
2017	5,238
2018	5,238
2019	5,238
2020	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Scott County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 707,578
Interest	1,788,261
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(858,120)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	(1,031,694)
Net Change in Total Pension Liability (Asset)	\$ 606,025
Total Pension Liability (Asset), Beginning	<u>23,651,748</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 24,257,773</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 599,915
Contributions - Employee	437,771
Net Investment Income	3,621,707
Benefit Payments, Including Refunds of Employee Contributions	(1,031,694)
Administrative Expense	(14,181)
Net Change in Plan Fiduciary Net Position	\$ 3,613,518
Plan Fiduciary Net Position, Beginning	<u>21,861,011</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 25,474,529</u>
Net Pension Liability (Asset), Ending (a - b)	<u><u>\$ (1,216,756)</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.02%
Covered Employee Payroll	\$ 8,783,504
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	13.85%

Note: ten years of data will be presented when available.

Note: data presented is 46.83% primary government and 53.17% non-certified employees of the discretely presented School Department.

Exhibit F-2

Scott County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015
Actuarially Determined Contribution	\$ 599,915	\$ 634,260
Less Contributions in Relation to the Actuarially Determined Contribution	(599,915)	(634,260)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 8,783,504	\$ 10,145,790
Contributions as a Percentage of Covered Employee Payroll	6.83%	6.25%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit F-3

Scott County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Scott County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 6,479
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(10,366)</u>
Contribution Deficiency (Excess)	<u><u>\$ (3,887)</u></u>
 Covered Employee Payroll	 \$ 259,140
 Contributions as a Percentage of Covered Employee Payroll	 4.00%

Note: ten years of data will be presented when available.

Exhibit F-4

Scott County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Scott County School Department
For the Fiscal Year Ended June 30

	2014	2015
Actuarially Determined Contribution	\$ 971,075	\$ 978,102
Less Contributions in Relation to the Actuarially Determined Contribution	(971,075)	(978,102)
Contribution Deficiency (Excess)	\$ 0	\$ 0
Covered Employee Payroll	\$ 10,935,526	\$ 10,819,669
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

Note: ten years of data will be presented when available.

Exhibit F-5

Scott County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Scott County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.278613%
School Department's Proportionate Share of the Net Pension Asset	\$ 45,273
Covered Employee Payroll	\$ 10,935,526
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-6

Scott County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Scott County School Department
June 30, 2015

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Medicare Supplement	7-1-10	\$ 0	\$ 437	\$ 437	0 %	\$ N/A	N/A %
"	7-1-11	0	384	384	0	N/A	N/A
"	7-1-13	0	157	157	0	N/A	N/A
<u>DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	4,389	4,389	0	10,570	42
"	7-1-11	0	4,944	4,944	0	10,064	49
"	7-1-13	0	3,849	3,849	0	10,287	37
Medicare Supplement	7-1-10	0	960	960	0	N/A	N/A
"	7-1-11	0	960	960	0	N/A	N/A
"	7-1-13	0	1,019	1,019	0	N/A	N/A

SCOTT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	5 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**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.

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 of deeds, 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 to account for various capital expenditures of the county.

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.

Exhibit G-1

Scott County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 1,200	\$ 1,200	\$ 0
Equity in Pooled Cash and Investments	348,022	80,090	0	428,112	164,277
Accounts Receivable	0	0	0	0	2,578
Due from Other Governments	2,705	0	0	2,705	0
Property Taxes Receivable	0	0	0	0	329,879
Allowance for Uncollectible Property Taxes	0	0	0	0	(22,639)
Travel Advances	0	500	0	500	0
Total Assets	\$ 350,727	\$ 80,590	\$ 1,200	\$ 432,517	\$ 474,095
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,776	\$ 700	\$ 0	\$ 2,476	\$ 145
Accrued Payroll	2,034	0	0	2,034	0
Payroll Deductions Payable	917	0	0	917	0
Due to Other Funds	0	0	1,200	1,200	0
Total Liabilities	\$ 4,727	\$ 700	\$ 1,200	\$ 6,627	\$ 145
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 292,140
Deferred Delinquent Property Taxes	0	0	0	0	13,939
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 306,079

(Continued)

Exhibit G-1

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

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 79,890	\$ 0	\$ 79,890	\$ 0
Restricted for Capital Projects	0	0	0	0	167,871
Committed:					
Committed for Public Health and Welfare	346,000	0	0	346,000	0
Total Fund Balances	<u>\$ 346,000</u>	<u>\$ 79,890</u>	<u>\$ 0</u>	<u>\$ 425,890</u>	<u>\$ 167,871</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 350,727</u>	<u>\$ 80,590</u>	<u>\$ 1,200</u>	<u>\$ 432,517</u>	<u>\$ 474,095</u>

(Continued)

Exhibit G-1

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

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Governments
Property Taxes Receivable
Allowance for Uncollectible Property Taxes
Travel Advances

Total Assets

LIABILITIES

Accounts Payable
Accrued Payroll
Payroll Deductions Payable
Due to Other Funds
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
Deferred Delinquent Property Taxes
Total Deferred Inflows of Resources

<u>Capital Projects Funds (Cont.)</u>		Total
Education Capital Projects	Total	Nonmajor Governmental Funds
\$ 146,018	\$ 146,018	\$ 147,218
277,524	441,801	869,913
0	2,578	2,578
0	0	2,705
0	329,879	329,879
0	(22,639)	(22,639)
0	0	500
<u>\$ 423,542</u>	<u>\$ 897,637</u>	<u>\$ 1,330,154</u>
\$ 0	\$ 145	\$ 2,621
0	0	2,034
0	0	917
0	0	1,200
<u>\$ 0</u>	<u>\$ 145</u>	<u>\$ 6,772</u>
\$ 0	\$ 292,140	\$ 292,140
0	13,939	13,939
<u>\$ 0</u>	<u>\$ 306,079</u>	<u>\$ 306,079</u>

(Continued)

Exhibit G-1

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

FUND BALANCES

Restricted:

 Restricted for Public Safety

 Restricted for Capital Projects

Committed:

 Committed for Public Health and Welfare

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds (Cont.)</u>		Total
Education		Nonmajor
Capital		Governmental
Projects	Total	Funds
\$	0	\$ 79,890
	423,542	591,413
		591,413
	0	346,000
\$	423,542	\$ 1,017,303
\$	423,542	\$ 897,637
		\$ 1,330,154

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, 2015

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 287,623
Fines, Forfeitures, and Penalties	0	62,928	0	62,928	0
Charges for Current Services	155,796	0	2,100	157,896	0
Other Local Revenues	4,138	23,490	0	27,628	0
State of Tennessee	37,778	0	0	37,778	1,368
Total Revenues	\$ 197,712	\$ 86,418	\$ 2,100	\$ 286,230	\$ 288,991
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,910
Finance	0	0	0	0	24,425
Administration of Justice	0	0	2,100	2,100	4,650
Public Safety	0	0	0	0	125,122
Public Health and Welfare	171,657	0	0	171,657	0
Social, Cultural, and Recreational Services	0	0	0	0	2,960
Other Operations	0	82,239	0	82,239	0
Highways	14,875	0	0	14,875	5,756
Capital Projects	0	0	0	0	30,304
Total Expenditures	\$ 186,532	\$ 82,239	\$ 2,100	\$ 270,871	\$ 261,127
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,180	\$ 4,179	\$ 0	\$ 15,359	\$ 27,864

(Continued)

Exhibit G-2

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

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	0
Transfers Out	0	(5,000)	0	(5,000)	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (5,000)</u>	<u>\$ 0</u>	<u>\$ (5,000)</u>	<u>0</u>
Net Change in Fund Balances	\$ 11,180	\$ (821)	\$ 0	\$ 10,359	\$ 27,864
Fund Balance, July 1, 2014	<u>334,820</u>	<u>80,711</u>	<u>0</u>	<u>415,531</u>	<u>140,007</u>
Fund Balance, June 30, 2015	<u><u>\$ 346,000</u></u>	<u><u>\$ 79,890</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 425,890</u></u>	<u><u>\$ 167,871</u></u>

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Education Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 287,623	\$ 287,623
Fines, Forfeitures, and Penalties	0	0	62,928
Charges for Current Services	0	0	157,896
Other Local Revenues	0	0	27,628
State of Tennessee	0	1,368	39,146
Total Revenues	<u>\$ 0</u>	<u>\$ 288,991</u>	<u>\$ 575,221</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 67,910	\$ 67,910
Finance	0	24,425	24,425
Administration of Justice	0	4,650	6,750
Public Safety	0	125,122	125,122
Public Health and Welfare	0	0	171,657
Social, Cultural, and Recreational Services	0	2,960	2,960
Other Operations	0	0	82,239
Highways	0	5,756	20,631
Capital Projects	0	30,304	30,304
Total Expenditures	<u>\$ 0</u>	<u>\$ 261,127</u>	<u>\$ 531,998</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 27,864</u>	<u>\$ 43,223</u>

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Education Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 275,000	\$ 275,000	\$ 275,000
Transfers Out	0	0	(5,000)
Total Other Financing Sources (Uses)	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 270,000</u>
Net Change in Fund Balances	\$ 275,000	\$ 302,864	\$ 313,223
Fund Balance, July 1, 2014	<u>148,542</u>	<u>288,549</u>	<u>704,080</u>
Fund Balance, June 30, 2015	<u><u>\$ 423,542</u></u>	<u><u>\$ 591,413</u></u>	<u><u>\$ 1,017,303</u></u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 155,796	\$ 121,000	\$ 132,581	\$ 23,215
Other Local Revenues	4,138	6,000	6,000	(1,862)
State of Tennessee	37,778	39,100	39,100	(1,322)
Total Revenues	<u>\$ 197,712</u>	<u>\$ 166,100</u>	<u>\$ 177,681</u>	<u>\$ 20,031</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Recycling Center	\$ 158,930	\$ 135,081	\$ 175,345	\$ 16,415
Postclosure Care Costs	12,727	30,000	15,000	2,273
<u>Highways</u>				
Litter and Trash Collection	14,875	12,000	15,000	125
Total Expenditures	<u>\$ 186,532</u>	<u>\$ 177,081</u>	<u>\$ 205,345</u>	<u>\$ 18,813</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,180</u>	<u>\$ (10,981)</u>	<u>\$ (27,664)</u>	<u>\$ 38,844</u>
Net Change in Fund Balance	\$ 11,180	\$ (10,981)	\$ (27,664)	\$ 38,844
Fund Balance, July 1, 2014	<u>334,820</u>	<u>11,385</u>	<u>27,664</u>	<u>307,156</u>
Fund Balance, June 30, 2015	<u><u>\$ 346,000</u></u>	<u><u>\$ 404</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 346,000</u></u>

Exhibit G-4

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 62,928	\$ 0	\$ 62,928	\$ 32,500	\$ 58,740	\$ 4,188
Other Local Revenues	23,490	0	23,490	0	20,940	2,550
Total Revenues	\$ 86,418	\$ 0	\$ 86,418	\$ 32,500	\$ 79,680	\$ 6,738
<u>Expenditures</u>						
<u>Other Operations</u>						
Miscellaneous	\$ 82,239	\$ (384)	\$ 81,855	\$ 27,500	\$ 97,720	\$ 15,865
Total Expenditures	\$ 82,239	\$ (384)	\$ 81,855	\$ 27,500	\$ 97,720	\$ 15,865
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,179	\$ 384	\$ 4,563	\$ 5,000	\$ (18,040)	\$ 22,603
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (5,000)	\$ 0	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ 0
Total Other Financing Sources	\$ (5,000)	\$ 0	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ 0
Net Change in Fund Balance	\$ (821)	\$ 384	\$ (437)	\$ 0	\$ (23,040)	\$ 22,603
Fund Balance, July 1, 2014	80,711	(384)	80,327	3,872	23,040	57,287
Fund Balance, June 30, 2015	\$ 79,890	\$ 0	\$ 79,890	\$ 3,872	\$ 0	\$ 79,890

Exhibit G-5

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Capital Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 287,623	\$ 270,260	\$ 317,574	\$ (29,951)
State of Tennessee	1,368	0	0	1,368
Total Revenues	<u>\$ 288,991</u>	<u>\$ 270,260</u>	<u>\$ 317,574</u>	<u>\$ (28,583)</u>
<u>Expenditures</u>				
<u>General Government</u>				
Election Commission	\$ 3,223	\$ 0	\$ 3,250	\$ 27
County Buildings	64,687	90,600	72,500	7,813
<u>Finance</u>				
Accounting and Budgeting	2,806	13,900	14,140	11,334
Property Assessor's Office	21,619	24,000	24,040	2,421
<u>Administration of Justice</u>				
Circuit Court	3,100	6,000	6,000	2,900
Chancery Court	1,550	0	1,550	0
<u>Public Safety</u>				
Sheriff's Department	95,428	107,500	97,069	1,641
Jail	8,500	0	8,500	0
Juvenile Services	16,194	0	17,000	806
Civil Defense	5,000	0	5,000	0
<u>Social, Cultural, and Recreational Services</u>				
Libraries	2,960	0	2,961	1
<u>Other Operations</u>				
Airport	0	8,000	8,000	8,000
<u>Highways</u>				
Capital Outlay	5,756	0	7,000	1,244
<u>Capital Projects</u>				
Highway and Street Capital Projects	30,304	0	60,609	30,305
Total Expenditures	<u>\$ 261,127</u>	<u>\$ 250,000</u>	<u>\$ 327,619</u>	<u>\$ 66,492</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 27,864</u>	<u>\$ 20,260</u>	<u>\$ (10,045)</u>	<u>\$ 37,909</u>
Net Change in Fund Balance	\$ 27,864	\$ 20,260	\$ (10,045)	\$ 37,909
Fund Balance, July 1, 2014	<u>140,007</u>	<u>31,345</u>	<u>31,345</u>	<u>108,662</u>
Fund Balance, June 30, 2015	<u>\$ 167,871</u>	<u>\$ 51,605</u>	<u>\$ 21,300</u>	<u>\$ 146,571</u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 907,340	\$ 951,460	\$ 951,460	\$ (44,120)
Licenses and Permits	741	800	800	(59)
Other Local Revenues	136,459	150,000	150,000	(13,541)
Other Governments and Citizens Groups	26,025	26,025	26,025	0
Total Revenues	\$ 1,070,565	\$ 1,128,285	\$ 1,128,285	\$ (57,720)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 831,400	\$ 831,400	\$ 831,400	\$ 0
<u>Interest on Debt</u>				
General Government	128,279	144,256	144,256	15,977
<u>Other Debt Service</u>				
General Government	157,581	261,234	261,234	103,653
Total Expenditures	\$ 1,117,260	\$ 1,236,890	\$ 1,236,890	\$ 119,630
Excess (Deficiency) of Revenues Over Expenditures	\$ (46,695)	\$ (108,605)	\$ (108,605)	\$ 61,910
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 49,404	\$ 49,404	\$ 49,404	\$ 0
Total Other Financing Sources	\$ 49,404	\$ 49,404	\$ 49,404	\$ 0
Net Change in Fund Balance	\$ 2,709	\$ (59,201)	\$ (59,201)	\$ 61,910
Fund Balance, July 1, 2014	1,199,248	485,946	485,946	713,302
Fund Balance, June 30, 2015	\$ 1,201,957	\$ 426,745	\$ 426,745	\$ 775,212

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 898,685	\$ 906,181	\$ 906,181	\$ (7,496)
Other Governments and Citizens Groups	348,728	348,728	348,728	0
Total Revenues	<u>\$ 1,247,413</u>	<u>\$ 1,254,909</u>	<u>\$ 1,254,909</u>	<u>\$ (7,496)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 697,297	\$ 696,347	\$ 697,297	\$ 0
<u>Interest on Debt</u>				
Education	191,365	193,235	192,285	920
<u>Other Debt Service</u>				
Education	29,171	311,200	36,200	7,029
Total Expenditures	<u>\$ 917,833</u>	<u>\$ 1,200,782</u>	<u>\$ 925,782</u>	<u>\$ 7,949</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 329,580</u>	<u>\$ 54,127</u>	<u>\$ 329,127</u>	<u>\$ 453</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (275,000)	0	\$ (275,000)	0
Total Other Financing Sources	<u>\$ (275,000)</u>	<u>0</u>	<u>\$ (275,000)</u>	<u>0</u>
Net Change in Fund Balance	\$ 54,580	\$ 54,127	\$ 54,127	\$ 453
Fund Balance, July 1, 2014	<u>41,915</u>	<u>175,674</u>	<u>175,674</u>	<u>(133,759)</u>
Fund Balance, June 30, 2015	<u>\$ 96,495</u>	<u>\$ 229,801</u>	<u>\$ 229,801</u>	<u>\$ (133,306)</u>

Fiduciary Funds

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

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

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

City School ADA - Oneida Fund – The City School ADA - Oneida Fund is used to account for the city school system's share of education revenues collected by the county 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 of deeds, 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.

District Attorney General Fund – The District Attorney General Fund was used to account for restricted revenue held for the benefit of the Office of District Attorney General. The fund was closed during the year with Claiborne County, Tennessee's, government now accounting for these revenues.

Exhibit I-1

Scott County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	Agency Funds					
	Cities - Sales Tax	Special School District	City School ADA - Oneida	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 571,777	\$ 0	\$ 571,777
Equity in Pooled Cash and Investments	0	6,157	59,613	0	209,167	274,937
Accounts Receivable	0	0	0	657	8,069	8,726
Due from Other Governments	272,945	0	102,633	0	4,039	379,617
Property Taxes Receivable	0	574,742	967,243	0	0	1,541,985
Allowance for Uncollectible Property Taxes	0	(33,112)	(66,183)	0	0	(99,295)
Total Assets	<u>\$ 272,945</u>	<u>\$ 547,787</u>	<u>\$ 1,063,306</u>	<u>\$ 572,434</u>	<u>\$ 221,275</u>	<u>\$ 2,677,747</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,485	\$ 13,485
Payroll Deductions Payable	0	0	0	0	2,125	2,125
Due to Other Taxing Units	272,945	547,787	1,063,306	0	0	1,884,038
Due to Litigants, Heirs, and Others	0	0	0	572,434	0	572,434
Due to Joint Venture	0	0	0	0	205,665	205,665
Total Liabilities	<u>\$ 272,945</u>	<u>\$ 547,787</u>	<u>\$ 1,063,306</u>	<u>\$ 572,434</u>	<u>\$ 221,275</u>	<u>\$ 2,677,747</u>

Exhibit I-2

Scott County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,493,781	\$ 1,493,781	\$ 0
Due from Other Governments	257,330	272,945	257,330	272,945
Total Assets	\$ 257,330	\$ 1,766,726	\$ 1,751,111	\$ 272,945
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 257,330	\$ 1,766,726	\$ 1,751,111	\$ 272,945
Total Liabilities	\$ 257,330	\$ 1,766,726	\$ 1,751,111	\$ 272,945
<u>Special School District</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 4,597	\$ 469,707	\$ 468,147	\$ 6,157
Property Taxes Receivable	548,114	574,742	548,114	574,742
Allowance for Uncollectible Taxes	(33,461)	(33,112)	(33,461)	(33,112)
Total Assets	\$ 519,250	\$ 1,011,337	\$ 982,800	\$ 547,787
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 519,250	\$ 1,011,337	\$ 982,800	\$ 547,787
Total Liabilities	\$ 519,250	\$ 1,011,337	\$ 982,800	\$ 547,787
<u>City School ADA - Oneida Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 49,719	\$ 1,444,027	\$ 1,434,133	\$ 59,613
Due from Other Governments	96,682	102,633	96,682	102,633
Property Taxes Receivable	930,978	967,243	930,978	967,243
Allowance for Uncollectible Taxes	(67,807)	67,807	66,183	(66,183)
Total Assets	\$ 1,009,572	\$ 2,581,710	\$ 2,527,976	\$ 1,063,306
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,009,572	\$ 2,581,710	\$ 2,527,976	\$ 1,063,306
Total Liabilities	\$ 1,009,572	\$ 2,581,710	\$ 2,527,976	\$ 1,063,306

(Continued)

Exhibit I-2

Scott County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 548,906	\$ 4,447,337	\$ 4,424,466	\$ 571,777
Accounts Receivable	0	657	0	657
Total Assets	\$ 548,906	\$ 4,447,994	\$ 4,424,466	\$ 572,434
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 548,906	\$ 4,447,994	\$ 4,424,466	\$ 572,434
Total Liabilities	\$ 548,906	\$ 4,447,994	\$ 4,424,466	\$ 572,434
<u>Judicial District Drug</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 232,387	\$ 309,230	\$ 332,450	\$ 209,167
Accounts Receivable	1,140	8,069	1,140	8,069
Due from Other Governments	0	4,039	0	4,039
Total Assets	\$ 233,527	\$ 321,338	\$ 333,590	\$ 221,275
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 13,485	\$ 0	\$ 13,485
Payroll Deductions Payable	891	2,125	891	2,125
Due to Joint Venture	232,636	305,728	332,699	205,665
Total Liabilities	\$ 233,527	\$ 321,338	\$ 333,590	\$ 221,275
<u>District Attorney General</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 32,090	\$ 26,778	\$ 58,868	\$ 0
Due from Other Governments	5,056	0	5,056	0
Total Assets	\$ 37,146	\$ 26,778	\$ 63,924	\$ 0
<u>Liabilities</u>				
Accounts Payable	\$ 15,986	\$ 0	\$ 15,986	\$ 0
Due to Litigants, Heirs and Others	21,160	26,778	47,938	0
Total Liabilities	\$ 37,146	\$ 26,778	\$ 63,924	\$ 0

(Continued)

Exhibit I-2

Scott County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 548,906	\$ 4,447,337	\$ 4,424,466	\$ 571,777
Equity in Pooled Cash and Investments	318,793	3,743,523	3,787,379	274,937
Account Receivables	1,140	8,726	1,140	8,726
Due from Other Governments	359,068	379,617	359,068	379,617
Property Taxes Receivable	1,479,092	1,541,985	1,479,092	1,541,985
Allowance for Uncollectible Taxes	(101,268)	34,695	32,722	(99,295)
Total Assets	<u>\$ 2,605,731</u>	<u>\$ 10,155,883</u>	<u>\$ 10,083,867</u>	<u>\$ 2,677,747</u>
<u>Liabilities</u>				
Accounts Payable	\$ 15,986	\$ 13,485	\$ 15,986	\$ 13,485
Payroll Deductions Payable	891	2,125	891	2,125
Due to Other Taxing Units	1,786,152	5,359,773	5,261,887	1,884,038
Due to Litigants, Heirs, and Others	570,066	4,474,772	4,472,404	572,434
Due to Joint Venture	232,636	305,728	332,699	205,665
Total Liabilities	<u>\$ 2,605,731</u>	<u>\$ 10,155,883</u>	<u>\$ 10,083,867</u>	<u>\$ 2,677,747</u>

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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Total
				Governmental
				Activities
Governmental Activities:				
Instruction	\$ 13,544,511	\$ 12,646	\$ 1,053,455	\$ (12,478,410)
Support Services	7,629,833	0	374,590	(7,255,243)
Operation of Non-instructional Services	2,768,826	184,967	2,955,442	371,583
Total Governmental Activities	<u>\$ 23,943,170</u>	<u>\$ 197,613</u>	<u>\$ 4,383,487</u>	<u>\$ (19,362,070)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,975,259
Local Option Sales Taxes				1,294,542
Other Local Taxes				1,501
Grants and Contributions Not Restricted to Specific Programs				17,009,128
Unrestricted Investment Income				727
Miscellaneous				14,049
Pension Income				113,285
Total General Revenues				<u>\$ 20,408,491</u>
Change in Net Position				\$ 1,046,421
Net Position, July 1, 2014				22,655,638
Restatement - See Note I.D.9				<u>(4,265,288)</u>
Net Position, June 30, 2015				<u>\$ 19,436,771</u>

Exhibit J-2

Scott County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Scott County School Department
June 30, 2015

	Major Fund	Nonmajor Funds	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 24,160	\$ 24,160
Equity in Pooled Cash and Investments	7,035,933	660,274	7,696,207
Accounts Receivable	2,504	120	2,624
Due from Other Governments	704,471	507,000	1,211,471
Property Taxes Receivable	2,184,932	0	2,184,932
Allowance for Uncollectible Property Taxes	(150,138)	0	(150,138)
Total Assets	<u>\$ 9,777,702</u>	<u>\$ 1,191,554</u>	<u>\$ 10,969,256</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 28,051	\$ 599	\$ 28,650
Accrued Payroll	2,336,783	396,711	2,733,494
Payroll Deductions Payable	178,712	25,627	204,339
Due to Primary Government	2,842	0	2,842
Due to State of Tennessee	4,761	2,017	6,778
Other Current Liabilities	270,541	34,612	305,153
Total Liabilities	<u>\$ 2,821,690</u>	<u>\$ 459,566</u>	<u>\$ 3,281,256</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,934,502	\$ 0	\$ 1,934,502
Deferred Delinquent Property Taxes	90,337	0	90,337
Other Deferred/Unavailable Revenue	545,501	0	545,501
Total Deferred Inflows of Resources	<u>\$ 2,570,340</u>	<u>\$ 0</u>	<u>\$ 2,570,340</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 306,746	\$ 665,914	\$ 972,660
Committed:			
Committed for Education	0	100,000	100,000
Assigned:			
Assigned for Education	61,692	0	61,692
Unassigned	4,017,234	(33,926)	3,983,308
Total Fund Balances	<u>\$ 4,385,672</u>	<u>\$ 731,988</u>	<u>\$ 5,117,660</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,777,702</u>	<u>\$ 1,191,554</u>	<u>\$ 10,969,256</u>

Exhibit J-3

Scott County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Scott County School Department
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	5,117,660
(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		17,684,560	
Add: other capital assets net of accumulated depreciation		<u>1,190,481</u>	19,785,602
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability			(3,171,219)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			635,838
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds:			
Add: net pension assets of the agent plan	\$	646,949	
Add: net pension assets of the cost-sharing plan		<u>45,273</u>	<u>692,222</u>
(5) Amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	1,330,805	
Less: deferred inflows of resources related to pensions		<u>(4,954,137)</u>	<u>(3,623,332)</u>
Net position of governmental activities (Exhibit A)			<u>\$ 19,436,771</u>

Exhibit J-4

Scott County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Scott County School Department
For the Year Ended June 30, 2015

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 3,258,390	\$ 0	\$ 3,258,390
Licenses and Permits	515	0	515
Charges for Current Services	41,738	155,875	197,613
Other Local Revenues	46,994	3,289	50,283
State of Tennessee	17,325,377	17,924	17,343,301
Federal Government	16,900	4,061,192	4,078,092
Total Revenues	<u>\$ 20,689,914</u>	<u>\$ 4,238,280</u>	<u>\$ 24,928,194</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 12,294,038	\$ 1,770,803	\$ 14,064,841
Support Services	6,214,651	449,081	6,663,732
Operation of Non-instructional Services	987,542	1,944,211	2,931,753
Capital Outlay	55,808	0	55,808
Debt Service:			
Other Debt Service	363,959	0	363,959
Total Expenditures	<u>\$ 19,915,998</u>	<u>\$ 4,164,095</u>	<u>\$ 24,080,093</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 773,916</u>	<u>\$ 74,185</u>	<u>\$ 848,101</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 37,000	\$ 0	\$ 37,000
Transfers Out	0	(37,000)	(37,000)
Total Other Financing Sources (Uses)	<u>\$ 37,000</u>	<u>\$ (37,000)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 810,916	\$ 37,185	\$ 848,101
Fund Balance, July 1, 2014	<u>3,574,756</u>	<u>694,803</u>	<u>4,269,559</u>
Fund Balance, June 30, 2015	<u>\$ 4,385,672</u>	<u>\$ 731,988</u>	<u>\$ 5,117,660</u>

Exhibit J-5

Scott County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Scott County School Department
For the Year Ended June 30, 2015

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)		\$	848,101
(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	\$	251,696	
Less: current-year depreciation expense		<u>(991,551)</u>	(739,855)
(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, 2015	\$	635,838	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(687,726)</u>	(51,888)
(3) 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 net pension asset/liability	\$	4,957,510	
Change in deferred outflows related to pensions		1,330,805	
Change in deferred inflows related to pensions		(4,954,137)	
Change in other postemployment benefits liability		<u>(344,115)</u>	<u>990,063</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,046,421</u>

Exhibit J-6

Scott County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Scott County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		Total
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 24,160	\$ 24,160
Equity in Pooled Cash and Investments	86,203	574,071	660,274
Accounts Receivable	0	120	120
Due from Other Governments	317,931	189,069	507,000
Total Assets	<u>\$ 404,134</u>	<u>\$ 787,420</u>	<u>\$ 1,191,554</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 599	\$ 0	\$ 599
Accrued Payroll	286,254	110,457	396,711
Payroll Deductions Payable	18,925	6,702	25,627
Due to State of Tennessee	915	1,102	2,017
Other Current Liabilities	31,367	3,245	34,612
Total Liabilities	<u>\$ 338,060</u>	<u>\$ 121,506</u>	<u>\$ 459,566</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 665,914	\$ 665,914
Committed:			
Committed for Education	100,000	0	100,000
Unassigned	(33,926)	0	(33,926)
Total Fund Balances	<u>\$ 66,074</u>	<u>\$ 665,914</u>	<u>\$ 731,988</u>
Total Liabilities and Fund Balances	<u>\$ 404,134</u>	<u>\$ 787,420</u>	<u>\$ 1,191,554</u>

Exhibit J-7

Scott County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Scott County School Department
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 155,875	\$ 155,875
Other Local Revenues	0	3,289	3,289
State of Tennessee	0	17,924	17,924
Federal Government	2,277,757	1,783,435	4,061,192
Total Revenues	<u>\$ 2,277,757</u>	<u>\$ 1,960,523</u>	<u>\$ 4,238,280</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,770,803	\$ 0	\$ 1,770,803
Support Services	449,081	0	449,081
Operation of Non-instructional Services	0	1,944,211	1,944,211
Total Expenditures	<u>\$ 2,219,884</u>	<u>\$ 1,944,211</u>	<u>\$ 4,164,095</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 57,873</u>	<u>\$ 16,312</u>	<u>\$ 74,185</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (37,000)	\$ 0	\$ (37,000)
Total Other Financing Sources (Uses)	<u>\$ (37,000)</u>	<u>\$ 0</u>	<u>\$ (37,000)</u>
Net Change in Fund Balances	\$ 20,873	\$ 16,312	\$ 37,185
Fund Balance, July 1, 2014	<u>45,201</u>	<u>649,602</u>	<u>694,803</u>
Fund Balance, June 30, 2015	<u><u>\$ 66,074</u></u>	<u><u>\$ 665,914</u></u>	<u><u>\$ 731,988</u></u>

Exhibit J-8

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Scott County School Department
General Purpose School Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,258,390	\$ 0	\$ 3,258,390	\$ 3,329,780	\$ 3,329,780	\$ (71,390)
Licenses and Permits	515	0	515	500	500	15
Charges for Current Services	41,738	0	41,738	57,000	57,000	(15,262)
Other Local Revenues	46,994	0	46,994	0	47,979	(985)
State of Tennessee	17,325,377	0	17,325,377	17,362,925	17,612,652	(287,275)
Federal Government	16,900	0	16,900	5,500	22,400	(5,500)
Total Revenues	\$ 20,689,914	\$ 0	\$ 20,689,914	\$ 20,755,705	\$ 21,070,311	\$ (380,397)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 10,340,155	\$ 0	\$ 10,340,155	\$ 10,814,072	\$ 10,765,616	\$ 425,461
Alternative Instruction Program	64,271	0	64,271	79,786	79,786	15,515
Special Education Program	1,323,637	0	1,323,637	1,373,430	1,373,430	49,793
Vocational Education Program	565,975	0	565,975	627,949	611,949	45,974
<u>Support Services</u>						
Attendance	88,561	0	88,561	91,347	100,847	12,286
Health Services	272,072	(844)	271,228	154,576	284,473	13,245
Other Student Support	300,436	0	300,436	330,584	334,584	34,148
Regular Instruction Program	632,692	(81)	632,611	694,463	669,197	36,586
Special Education Program	189,225	0	189,225	196,390	196,740	7,515
Vocational Education Program	69,113	0	69,113	0	77,900	8,787
Other Programs	119,906	0	119,906	0	119,906	0
Board of Education	439,542	0	439,542	478,665	486,697	47,155
Director of Schools	214,527	0	214,527	304,480	244,180	29,653
Office of the Principal	853,293	0	853,293	929,711	932,211	78,918
Operation of Plant	1,492,420	0	1,492,420	1,558,152	1,596,997	104,577

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Maintenance of Plant	\$ 228,846	\$ (13)	\$ 228,833	\$ 269,245	\$ 275,745	\$ 46,912
Transportation	1,047,352	0	1,047,352	1,120,208	1,148,132	100,780
Central and Other	266,666	0	266,666	265,630	265,630	(1,036)
<u>Operation of Non-instructional Services</u>						
Community Services	49,200	0	49,200	50,000	50,000	800
Early Childhood Education	938,342	(1,118)	937,224	1,061,340	1,070,846	133,622
<u>Capital Outlay</u>						
Regular Capital Outlay	55,808	(8,789)	47,019	243,707	120,026	73,007
<u>Other Debt Service</u>						
Education	363,959	0	363,959	185,773	363,959	0
Total Expenditures	<u>\$ 19,915,998</u>	<u>\$ (10,845)</u>	<u>\$ 19,905,153</u>	<u>\$ 20,829,508</u>	<u>\$ 21,168,851</u>	<u>\$ 1,263,698</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 773,916</u>	<u>\$ 10,845</u>	<u>\$ 784,761</u>	<u>\$ (73,803)</u>	<u>\$ (98,540)</u>	<u>\$ 883,301</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 37,000	0	\$ 37,000	\$ 63,803	\$ 63,803	\$ (26,803)
Total Other Financing Sources	<u>\$ 37,000</u>	<u>0</u>	<u>\$ 37,000</u>	<u>\$ 63,803</u>	<u>\$ 63,803</u>	<u>\$ (26,803)</u>
Net Change in Fund Balance	\$ 810,916	10,845	\$ 821,761	\$ (10,000)	\$ (34,737)	\$ 856,498
Fund Balance, July 1, 2014	<u>3,574,756</u>	<u>(10,845)</u>	<u>3,563,911</u>	<u>2,987,271</u>	<u>2,987,271</u>	<u>576,640</u>
Fund Balance, June 30, 2015	<u>\$ 4,385,672</u>	<u>0</u>	<u>\$ 4,385,672</u>	<u>\$ 2,977,271</u>	<u>\$ 2,952,534</u>	<u>\$ 1,433,138</u>

Exhibit J-9

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Scott County School Department
School Federal Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,277,757	\$ 2,057,878	\$ 2,578,252	\$ (300,495)
Total Revenues	\$ 2,277,757	\$ 2,057,878	\$ 2,578,252	\$ (300,495)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,123,691	\$ 992,195	\$ 1,258,306	\$ 134,615
Special Education Program	597,902	513,486	653,917	56,015
Vocational Education Program	49,210	47,862	49,348	138
<u>Support Services</u>				
Other Student Support	81,459	88,201	104,100	22,641
Regular Instruction Program	274,981	275,556	379,181	104,200
Special Education Program	55,031	68,785	57,675	2,644
Vocational Education Program	1,876	2,900	2,900	1,024
Transportation	35,734	35,090	35,825	91
Total Expenditures	\$ 2,219,884	\$ 2,024,075	\$ 2,541,252	\$ 321,368
Excess (Deficiency) of Revenues Over Expenditures	\$ 57,873	\$ 33,803	\$ 37,000	\$ 20,873
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (37,000)	\$ (33,803)	\$ (37,000)	\$ 0
Total Other Financing Sources	\$ (37,000)	\$ (33,803)	\$ (37,000)	\$ 0
Net Change in Fund Balance	\$ 20,873	\$ 0	\$ 0	\$ 20,873
Fund Balance, July 1, 2014	45,201	65,871	65,871	(20,670)
Fund Balance, June 30, 2015	\$ 66,074	\$ 65,871	\$ 65,871	\$ 203

Exhibit J-10

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Scott County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 1,500	\$ 1,500	\$ (1,500)
Charges for Current Services	155,875	152,000	152,000	3,875
Other Local Revenues	3,289	300	300	2,989
State of Tennessee	17,924	17,500	17,500	424
Federal Government	1,783,435	1,550,000	1,651,946	131,489
Total Revenues	<u>\$ 1,960,523</u>	<u>\$ 1,721,300</u>	<u>\$ 1,823,246</u>	<u>\$ 137,277</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,944,211	\$ 1,891,300	\$ 1,993,246	\$ 49,035
Total Expenditures	<u>\$ 1,944,211</u>	<u>\$ 1,891,300</u>	<u>\$ 1,993,246</u>	<u>\$ 49,035</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,312</u>	<u>\$ (170,000)</u>	<u>\$ (170,000)</u>	<u>\$ 186,312</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (30,000)	\$ (30,000)	\$ 30,000
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	<u>\$ 30,000</u>
Net Change in Fund Balance	\$ 16,312	\$ (200,000)	\$ (200,000)	\$ 216,312
Fund Balance, July 1, 2014	649,602	420,627	420,627	228,975
Fund Balance, June 30, 2015	<u><u>\$ 665,914</u></u>	<u><u>\$ 220,627</u></u>	<u><u>\$ 220,627</u></u>	<u><u>\$ 445,287</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Scott County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15	
<u>GOVERNMENTAL ACTIVITIES</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Equipment	\$ 301,812	3.7	%	5-20-03	5-20-15	\$ 25,150	\$ 25,150	\$ 0
Bridge Replacement/Equipment	300,000	4.99		8-30-05	6-30-17	75,000	25,000	50,000
Road Resurface	300,000	3.98		12-5-07	12-1-16	99,996	33,334	66,662
Asphalt	200,000	3.33		1-9-09	1-10-15	33,334	33,334	0
Road Resurface	600,000	3.57		8-31-09	8-28-15	333,333	66,667	266,666
Road Resurface	500,000	2.94		10-15-12	10-15-15	333,333	166,667	166,666
Asphalt Zipper	122,205	2.94		9-25-13	8-21-16	122,205	40,735	81,470
Bridge Improvements	600,000	3.57		9-25-13	8-21-16	600,000	600,000	0
Capital Outlay	300,000	3.55		12-16-13	12-16-16	300,000	100,000	200,000
Total Payable through Highway/Public Works Fund						<u>\$ 1,922,351</u>	<u>\$ 1,090,887</u>	<u>\$ 831,464</u>
<u>Payable through Rural Debt Service Fund</u>								
Transportation Equipment	471,760	4.05		8-29-05	8-29-14	\$ 56,297	\$ 56,297	\$ 0
Total Payable through Rural Debt Service Fund						<u>\$ 56,297</u>	<u>\$ 56,297</u>	<u>\$ 0</u>
Total Notes Payable						<u>\$ 1,978,648</u>	<u>\$ 1,147,184</u>	<u>\$ 831,464</u>

(Continued)

Exhibit K-1

Scott County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<u>GOVERNMENTAL ACTIVITIES (CONT.)</u>								
<u>OTHER LOANS PAYABLE</u>								
<u>Public Building Authority Loan Agreement</u>								
<u>Payable through General Debt Service Fund</u>								
Building and Equipment	\$ 1,000,000	Varies	%	3-1-1995	5-25-21	\$ 410,600	\$ 50,400	\$ 360,200
Justice Center and Highway Projects	9,654,938 (1)	Varies		2-27-07	5-25-34	8,261,938	241,000	8,020,938
School Renovations and Improvements	13,940,000	Varies		12-15-09	5-25-35	12,681,000	355,000	12,326,000
Total Payable through General Debt Service Fund						<u>\$ 21,353,538</u>	<u>\$ 646,400</u>	<u>\$ 20,707,138</u>
<u>Payable through Rural Debt Service Fund</u>								
Various Schools Projects	3,000,000	Varies		10-2-03	5-25-23	\$ 1,642,000	\$ 161,000	\$ 1,481,000
Total Payable through Rural Debt Service Fund						<u>\$ 1,642,000</u>	<u>\$ 161,000</u>	<u>\$ 1,481,000</u>
Total Other Loans Payable						<u>\$ 22,995,538</u>	<u>\$ 807,400</u>	<u>\$ 22,188,138</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Bonds, Series 2008	1,250,000	3 to 4.5		2-14-08	6-1-28	\$ 1,075,000	\$ 50,000	\$ 1,025,000
Refunding Bonds, Series 2014A	1,490,000	2 to 3.4		6-30-14	6-1-35	1,490,000	135,000	1,355,000
Total Payable through General Debt Service Fund						<u>\$ 2,565,000</u>	<u>\$ 185,000</u>	<u>\$ 2,380,000</u>
<u>Payable through Rural Debt Service Fund</u>								
Rural School Refunding Bonds, Series 2014B	8,120,000	2 to 3.25		6-30-14	6-1-29	\$ 8,120,000	\$ 480,000	\$ 7,640,000
Total Payable through Rural Debt Service Fund						<u>\$ 8,120,000</u>	<u>\$ 480,000</u>	<u>\$ 7,640,000</u>
Total Bonds Payable						<u>\$ 10,685,000</u>	<u>\$ 665,000</u>	<u>\$ 10,020,000</u>

(1) The total amount approved for draws under this loan agreement was \$10 million, of which \$345,062 has not been drawn. The county has notified the Public Building Authority that no further draws under this loan agreement will be necessary.

Exhibit K-2

Scott County, Tennessee
Schedule of Long-term Debt Requirements by Year

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 632,398	\$ 23,030	\$ 655,428
2017	199,066	1,805	200,871
Total	\$ 831,464	\$ 24,835	\$ 856,299

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 845,000	\$ 20,938	\$ 222,000	\$ 1,087,938
2017	883,600	20,138	213,892	1,117,630
2018	924,400	19,301	205,408	1,149,109
2019	967,300	18,425	196,526	1,182,251
2020	1,013,400	17,509	187,228	1,218,137
2021	1,059,500	16,548	177,480	1,253,528
2022	1,038,000	15,544	167,282	1,220,826
2023	1,087,000	14,577	157,145	1,258,722
2024	925,000	13,565	146,524	1,085,089
2025	970,000	12,697	137,081	1,119,778
2026	1,019,000	11,787	127,179	1,157,966
2027	1,071,000	10,831	116,777	1,198,608
2028	1,123,000	9,826	105,844	1,238,670
2029	1,180,000	8,773	94,380	1,283,153
2030	1,239,000	7,665	82,334	1,328,999
2031	1,301,000	6,503	69,686	1,377,189
2032	1,366,000	5,282	56,405	1,427,687
2033	1,434,000	4,000	42,460	1,480,460
2034	1,506,000	2,655	27,821	1,536,476
2035	1,235,938	1,036	9,302	1,246,276
Total	\$ 22,188,138	\$ 237,600	\$ 2,542,754	\$ 24,968,492

(Continued)

Exhibit K-2

Scott County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

GOVERNMENTAL ACTIVITIES (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 630,000	\$ 273,526	\$ 903,526
2017	640,000	259,826	899,826
2018	595,000	245,826	840,826
2019	595,000	232,726	827,726
2020	580,000	219,201	799,201
2021	605,000	205,726	810,726
2022	580,000	191,201	771,201
2023	615,000	176,314	791,314
2024	850,000	159,820	1,009,820
2025	885,000	136,870	1,021,870
2026	920,000	110,583	1,030,583
2027	970,000	82,226	1,052,226
2028	700,000	51,439	751,439
2029	625,000	28,133	653,133
2030	55,000	7,820	62,820
2031	30,000	5,950	35,950
2032	35,000	4,930	39,930
2033	35,000	3,740	38,740
2034	35,000	2,550	37,550
2035	40,000	1,360	41,360
Total	\$ 10,020,000	\$ 2,399,767	\$ 12,419,767

Exhibit K-3

Scott County, Tennessee
Schedule of Notes Receivable
June 30, 2015

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Notes</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-15</u>
<u>General Debt Service Fund</u>					
Sale of Hospital Assets	Pioneer Health Services	\$ 106,676	12-1-16	0%	<u>\$ 52,051</u>
Total Notes Receivable					<u><u>\$ 52,051</u></u>

Exhibit K-4

Scott County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Scott County School Department

For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Ambulance	General	Operations	\$ 20,000
Drug Control	"	Vehicle purchase	5,000
Highway/Public Works	General Debt Service	Debt retirement	49,404
Rural Debt Service	Education Capital Projects	Buses purchase	200,000
Rural Debt Service	Education Capital Projects	Various capital projects	<u>75,000</u>
Total Transfers Primary Government			<u>\$ 349,404</u>
<u>DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 37,000</u>
Total Transfers Discretely Presented Scott County School Department			<u>\$ 37,000</u>

Exhibit K-5

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, 2015

Official	Authorization of Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Jeff Tibbals (7-1-14 to 8-31-14)	Section 8-24-102, <i>TCA</i>	\$ 13,775	\$ 50,000	RLI Insurance Company
Dale Perdue (9-1-14 to 6-30-15)	Section 8-24-102, <i>TCA</i>	59,963	100,000	"
Superintendent of Roads	Section 8-24-102, <i>TCA</i>	70,228	100,000	"
Director of Schools	State Board of Education and County Board of Education	87,915 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	63,843	981,927	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	63,843	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i> , and Circuit Judge	63,843 (2)	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	63,843	50,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	70,228	100,000	"
Director of Finance	Board of County Commissioners	63,842	100,000	"
Employee Blanket Bonds - All County Employees				
Employee Fidelity			150,000	Tennessee Risk Management Trust
Money and Securities			150,000	"
Forgery or Alteration			150,000	"

(1) Includes a chief executive officer training supplement of \$1,000.

(2) Does not include special commissioner fees of \$2,100.

Exhibit K-6

Scott County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2015

		Special Revenue Funds						
		General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$	2,443,076	\$	0	\$	0	\$	0
Discount on Property Taxes		(28,128)		0		0		0
Trustee's Collections - Prior Year		173,029		0		0		0
Circuit/Clerk and Master Collections - Prior Years		60,770		0		0		0
Interest and Penalty		30,618		0		0		0
Payments in-Lieu-of Taxes - T.V.A.		90		0		0		0
Payments in-Lieu-of Taxes - Local Utilities		361,341		0		0		0
Payments in-Lieu-of Taxes - Other		153,631		0		0		0
<u>County Local Option Taxes</u>								
Local Option Sales Tax		276,457		0		0		0
Hotel/Motel Tax		51,931		0		0		0
Wheel Tax		0		0		0		0
Litigation Tax - General		28,539		0		0		0
Litigation Tax - Special Purpose		98,422		0		0		0
Business Tax		180,947		0		0		235
Mineral Severance Tax		2,582		0		0		0
Other County Local Option Taxes		2,041		0		0		0
<u>Statutory Local Taxes</u>								
Bank Excise Tax		39,708		0		0		0
Wholesale Beer Tax		75,338		0		0		0
Interstate Telecommunications Tax		1,574		0		0		0
Total Local Taxes	\$	3,951,966	\$	0	\$	0	\$	235

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	42,116	0	0	0	0	0
<u>Permits</u>						
Beer Permits	922	0	0	0	0	0
Total Licenses and Permits	\$ 43,038	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 19,042	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	4,467	0	0	0	0	0
Drug Control Fines	0	0	0	19,614	0	0
Data Entry Fee - Circuit Court	892	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	997	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	96,232	0	0	0	0	0
Officers Costs	17,072	0	0	0	0	0
Game and Fish Fines	472	0	0	0	0	0
Drug Control Fines	0	0	0	26,244	0	0
Drug Court Fees	9,299	0	0	0	0	0
Jail Fees	3,570	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,833	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	6,335	0	0	0	0	0
Data Entry Fee - Chancery Court	1,904	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 0	\$ 10,240	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	0	0	0	6,830	0	0
Total Fines, Forfeitures, and Penalties	\$ 164,115	\$ 0	\$ 0	\$ 62,928	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Convenience Waste Centers Collection Charge	\$ 0	\$ 10,754	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Host Agency	0	145,042	0	0	0	0
Patient Charges	0	0	1,853,332	0	0	0
Other General Service Charges	4,747	0	0	0	0	0
<u>Fees</u>						
Airport Fees	281,228	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	2,100	0
Data Processing Fee - Register	5,592	0	0	0	0	0
Probation Fees	27,510	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	6,005	0	0	0	0	0
Data Processing Fee - County Clerk	1,524	0	0	0	0	0
Total Charges for Current Services	\$ 326,606	\$ 155,796	\$ 1,853,332	\$ 0	\$ 2,100	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 96,804	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	189,987	0	0	0	0	0
Commissary Sales	12,582	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Maps	\$ 282	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Recycled Materials	0	4,138	0	0	0	0
Miscellaneous Refunds	87,607	0	12,714	0	0	19,943
<u>Nonrecurring Items</u>						
Sale of Equipment	1,911	0	1,500	0	0	0
Sale of Property	0	0	0	7,050	0	0
Contributions and Gifts	8,554	0	0	16,440	0	0
Total Other Local Revenues	<u>\$ 397,727</u>	<u>\$ 4,138</u>	<u>\$ 14,214</u>	<u>\$ 23,490</u>	<u>\$ 0</u>	<u>\$ 19,943</u>
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 209,772	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	73,258	0	0	0	0	0
General Sessions Court Clerk	121,836	0	0	0	0	0
Clerk and Master	44,105	0	0	0	0	0
Register	78,542	0	0	0	0	0
Sheriff	14,276	0	0	0	0	0
Trustee	300,019	0	0	0	0	0
Total Fees Received from County Officials	<u>\$ 841,808</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	2,828	3,139	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	\$ 34,200	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	100,771
Litter Program	0	33,700	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	11,630	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Alcoholic Beverage Tax	41,488	0	0	0	0	0
State Revenue Sharing - T.V.A.	574,990	0	0	0	0	0
Contracted Prisoner Boarding	522,218	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,762,366
Petroleum Special Tax	0	0	0	0	0	16,038
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	439,395	939	0	0	0	101,073
Other State Revenues	210,484	0	0	0	0	73,821
Total State of Tennessee	\$ 1,883,952	\$ 37,778	\$ 0	\$ 0	\$ 0	2,054,069
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 6,500	\$ 0	\$ 0	\$ 0	\$ 0	0
Disaster Relief	0	0	0	0	0	614,666
Homeland Security Grants	18,984	0	0	0	0	0
Other Federal through State	14,777	0	0	0	0	0
Total Federal Government	\$ 40,261	\$ 0	\$ 0	\$ 0	\$ 0	614,666

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 20,642	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 20,642	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 7,670,115	\$ 197,712	\$ 1,867,546	\$ 86,418	\$ 2,100	\$ 2,688,913

(Continued)

Exhibit K-6

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

	Debt Service Funds		Capital Projects Fund	
	General Debt Service	Rural Debt Service	General Capital Projects	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 238,874	\$ 620,400	\$ 237,685	\$ 3,540,035
Discount on Property Taxes	(2,740)	(7,092)	(2,740)	(40,700)
Trustee's Collections - Prior Year	25,039	54,530	14,801	267,399
Circuit/Clerk and Master Collections - Prior Years	34,072	27,760	0	122,602
Interest and Penalty	4,565	8,613	2,625	46,421
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	90
Payments in-Lieu-of Taxes - Local Utilities	35,202	86,141	35,252	517,936
Payments in-Lieu-of Taxes - Other	0	0	0	153,631
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	108,333	0	384,790
Hotel/Motel Tax	0	0	0	51,931
Wheel Tax	572,328	0	0	572,328
Litigation Tax - General	0	0	0	28,539
Litigation Tax - Special Purpose	0	0	0	98,422
Business Tax	0	0	0	181,182
Mineral Severance Tax	0	0	0	2,582
Other County Local Option Taxes	0	0	0	2,041
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0	0	39,708
Wholesale Beer Tax	0	0	0	75,338
Interstate Telecommunications Tax	0	0	0	1,574
Total Local Taxes	\$ 907,340	\$ 898,685	\$ 287,623	\$ 6,045,849

(Continued)

Exhibit K-6

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

	Debt Service Funds		Capital Projects Fund	
	General Debt Service	Rural Debt Service	General Capital Projects	Total
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 741	\$ 0	\$ 0	\$ 741
Cable TV Franchise	0	0	0	42,116
<u>Permits</u>				
Beer Permits	0	0	0	922
Total Licenses and Permits	\$ 741	\$ 0	\$ 0	\$ 43,779
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	\$ 19,042
Officers Costs	0	0	0	4,467
Drug Control Fines	0	0	0	19,614
Data Entry Fee - Circuit Court	0	0	0	892
<u>Criminal Court</u>				
DUI Treatment Fines	0	0	0	997
<u>General Sessions Court</u>				
Fines	0	0	0	96,232
Officers Costs	0	0	0	17,072
Game and Fish Fines	0	0	0	472
Drug Control Fines	0	0	0	26,244
Drug Court Fees	0	0	0	9,299
Jail Fees	0	0	0	3,570
Data Entry Fee - General Sessions Court	0	0	0	3,833
<u>Chancery Court</u>				
Officers Costs	0	0	0	6,335
Data Entry Fee - Chancery Court	0	0	0	1,904

(Continued)

Exhibit K-6

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

	Debt Service Funds		Capital Projects Fund	
	General Debt Service	Rural Debt Service	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Judicial District Drug Program</u>				
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 0	\$ 10,240
<u>Other Fines, Forfeitures, and Penalties</u>				
Other Fines, Forfeitures, and Penalties	0	0	0	6,830
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 227,043
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 10,754
Surcharge - Host Agency	0	0	0	145,042
Patient Charges	0	0	0	1,853,332
Other General Service Charges	0	0	0	4,747
<u>Fees</u>				
Airport Fees	0	0	0	281,228
Special Commissioner Fees/Special Master Fees	0	0	0	2,100
Data Processing Fee - Register	0	0	0	5,592
Probation Fees	0	0	0	27,510
Sexual Offender Registration Fee - Sheriff	0	0	0	6,005
Data Processing Fee - County Clerk	0	0	0	1,524
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 2,337,834
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 0	\$ 96,804
Lease/Rentals	134,218	0	0	324,205
Commissary Sales	0	0	0	12,582

(Continued)

Exhibit K-6

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

	<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>	
	<u>General Debt Service</u>	<u>Rural Debt Service</u>	<u>General Capital Projects</u>	<u>Total</u>
<u>Other Local Revenues (Cont.)</u>				
<u>Recurring Items (Cont.)</u>				
Sale of Maps	\$ 0	\$ 0	\$ 0	\$ 282
Sale of Recycled Materials	0	0	0	4,138
Miscellaneous Refunds	2,241	0	0	122,505
<u>Nonrecurring Items</u>				
Sale of Equipment	0	0	0	3,411
Sale of Property	0	0	0	7,050
Contributions and Gifts	0	0	0	24,994
Total Other Local Revenues	<u>\$ 136,459</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 595,971</u>
<u>Fees Received from County Officials</u>				
<u>Fees in-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 209,772
Circuit Court Clerk	0	0	0	73,258
General Sessions Court Clerk	0	0	0	121,836
Clerk and Master	0	0	0	44,105
Register	0	0	0	78,542
Sheriff	0	0	0	14,276
Trustee	0	0	0	300,019
Total Fees Received from County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 841,808</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 13,500
Solid Waste Grants	0	0	0	5,967

(Continued)

Exhibit K-6

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

	Debt Service Funds		Capital Projects Fund	
	General Debt Service	Rural Debt Service	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>				
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	\$ 0	\$ 0	\$ 0	\$ 34,200
<u>Public Works Grants</u>				
State Aid Program	0	0	0	100,771
Litter Program	0	0	0	33,700
<u>Other State Revenues</u>				
Income Tax	0	0	0	11,630
Beer Tax	0	0	0	18,055
Alcoholic Beverage Tax	0	0	0	41,488
State Revenue Sharing - T.V.A.	0	0	0	574,990
Contracted Prisoner Boarding	0	0	0	522,218
Gasoline and Motor Fuel Tax	0	0	0	1,762,366
Petroleum Special Tax	0	0	0	16,038
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	1,368	542,775
Other State Revenues	0	0	0	284,305
Total State of Tennessee	\$ 0	\$ 0	\$ 1,368	\$ 3,977,167
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	\$ 0	\$ 0	\$ 0	\$ 6,500
Disaster Relief	0	0	0	614,666
Homeland Security Grants	0	0	0	18,984
Other Federal through State	0	0	0	14,777
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 654,927

(Continued)

Exhibit K-6

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

	<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>		
	General Debt Service	Rural Debt Service	General Capital Projects		Total
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 26,025	\$ 348,728	\$ 0	\$	395,395
Total Other Governments and Citizens Groups	\$ 26,025	\$ 348,728	\$ 0	\$	395,395
Total	\$ 1,070,565	\$ 1,247,413	\$ 288,991	\$	15,119,773

Exhibit K-7

Scott County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Scott County School Department
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,576,156	\$ 0	\$ 0	\$ 1,576,156
Discount on Property Taxes	(18,203)	0	0	(18,203)
Trustee's Collections - Prior Year	106,377	0	0	106,377
Circuit/Clerk and Master Collections - Prior Years	56,077	0	0	56,077
Interest and Penalty	14,297	0	0	14,297
Payments in-Lieu-of Taxes - Local Utilities	233,062	0	0	233,062
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,289,104	0	0	1,289,104
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,520	0	0	1,520
Total Local Taxes	\$ 3,258,390	\$ 0	\$ 0	\$ 3,258,390
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 515	\$ 0	\$ 0	\$ 515
Total Licenses and Permits	\$ 515	\$ 0	\$ 0	\$ 515
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 68,920	\$ 68,920
Lunch Payments - Adults	0	0	27,545	27,545
Income from Breakfast	0	0	21,436	21,436
Special Milk Sales	0	0	4,188	4,188
A la carte Sales	0	0	21,140	21,140

(Continued)

Exhibit K-7

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Other Charges for Services</u>				
Other Charges for Services	\$ 41,738	\$ 0	\$ 12,646	\$ 54,384
Total Charges for Current Services	\$ 41,738	\$ 0	\$ 155,875	\$ 197,613
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 36	\$ 0	\$ 691	\$ 727
E-Rate Funding	35,507	0	0	35,507
Miscellaneous Refunds	5,500	0	0	5,500
<u>Nonrecurring Items</u>				
Sale of Equipment	5,827	0	2,598	8,425
<u>Other Local Revenues</u>				
Other Local Revenues	124	0	0	124
Total Other Local Revenues	\$ 46,994	\$ 0	\$ 3,289	\$ 50,283
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 119,906	\$ 0	\$ 0	\$ 119,906
<u>State Education Funds</u>				
Basic Education Program	15,633,000	0	0	15,633,000
Early Childhood Education	951,423	0	0	951,423
School Food Service	0	0	17,924	17,924
Energy Efficient School Initiative	1,200	0	0	1,200
Driver Education	18,706	0	0	18,706
Other State Education Funds	355,087	0	0	355,087

(Continued)

Exhibit K-7

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder Program	\$ 99,000	\$ 0	\$ 0	\$ 99,000
Career Ladder - Extended Contract	16,870	0	0	16,870
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	104,493	0	0	104,493
Other State Grants	25,692	0	0	25,692
Total State of Tennessee	<u>\$ 17,325,377</u>	<u>\$ 0</u>	<u>\$ 17,924</u>	<u>\$ 17,343,301</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,195,548	\$ 1,195,548
USDA - Commodities	0	0	101,946	101,946
Breakfast	0	0	407,865	407,865
USDA - Other	16,900	0	78,076	94,976
Vocational Education - Basic Grants to States	0	54,652	0	54,652
Title I Grants to Local Education Agencies	0	1,231,304	0	1,231,304
Special Education - Grants to States	0	698,058	0	698,058
Special Education Preschool Grants	0	19,569	0	19,569
Rural Education	0	39,816	0	39,816
Eisenhower Professional Development State Grants	0	197,199	0	197,199
Race to the Top - ARRA	0	37,159	0	37,159
Total Federal Government	<u>\$ 16,900</u>	<u>\$ 2,277,757</u>	<u>\$ 1,783,435</u>	<u>\$ 4,078,092</u>
Total	<u>\$ 20,689,914</u>	<u>\$ 2,277,757</u>	<u>\$ 1,960,523</u>	<u>\$ 24,928,194</u>

Exhibit K-8

Scott County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	88,508	
Social Security		5,487	
Pensions		1,825	
Employer Medicare		1,283	
Audit Services		6,668	
Contributions		2,363	
Dues and Memberships		9,640	
Evaluation and Testing		1,323	
Legal Notices, Recording, and Court Costs		51	
Travel		890	
Other Contracted Services		18,752	
Other Supplies and Materials		336	
Premiums on Corporate Surety Bonds		13,431	
Other Charges		14,644	
Total County Commission			\$ 165,201

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Secretary(ies)		32,865	
Clerical Personnel		11,948	
Social Security		7,154	
Pensions		3,195	
Employer Medicare		1,673	
Communication		8,431	
Legal Notices, Recording, and Court Costs		1,808	
Travel		1,167	
Other Contracted Services		5,400	
Office Supplies		1,697	
Other Charges		156	
Total County Mayor/Executive			149,232

County Attorney

County Official/Administrative Officer	\$	47,550	
Social Security		2,948	
Pensions		3,257	
Employer Medicare		689	
Communication		2,422	
Other Supplies and Materials		579	
Total County Attorney			57,445

Election Commission

County Official/Administrative Officer	\$	57,459	
Deputy(ies)		21,474	
Other Salaries and Wages		2,390	
Election Commission		18,000	
Election Workers		47,360	
Social Security		8,435	

(Continued)

Exhibit K-8

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Pensions	\$	5,407	
Employer Medicare		1,973	
Communication		4,022	
Data Processing Services		21,200	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		6,856	
Postal Charges		1,567	
Printing, Stationery, and Forms		1,030	
Travel		8,028	
Office Supplies		5,733	
Other Supplies and Materials		1,374	
Total Election Commission			\$ 212,533

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		30,006	
Part-time Personnel		7,914	
Other Salaries and Wages		5,972	
Social Security		6,388	
Pensions		6,838	
Employer Medicare		1,494	
Communication		2,987	
Dues and Memberships		407	
Maintenance and Repair Services - Buildings		2,369	
Printing, Stationery, and Forms		5,645	
Other Contracted Services		2,300	
Office Supplies		6,164	
Other Supplies and Materials		50	
Data Processing Equipment		2,607	
Furniture and Fixtures		2,446	
Total Register of Deeds			147,430

County Buildings

Mechanic(s)	\$	26,500	
Custodial Personnel		28,123	
Other Salaries and Wages		23,531	
Social Security		4,467	
Pensions		5,354	
Employer Medicare		1,045	
Communication		75	
Maintenance and Repair Services - Buildings		28,025	
Maintenance and Repair Services - Equipment		3,502	
Maintenance and Repair Services - Office Equipment		327	
Maintenance and Repair Services - Vehicles		5,891	
Other Contracted Services		8,306	
Custodial Supplies		17,132	
Electricity		139,817	

(Continued)

Exhibit K-8

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

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Gasoline	\$	6,655	
Natural Gas		51,085	
Road Signs		1,198	
Water and Sewer		70,095	
Other Supplies and Materials		2,774	
Other Charges		7,605	
Total County Buildings			\$ 431,507

FinanceAccounting and Budgeting

Supervisor/Director	\$	63,842	
Data Processing Personnel		156,306	
Social Security		13,317	
Pensions		14,941	
Employer Medicare		3,114	
Communication		3,447	
Data Processing Services		12,439	
Travel		170	
Office Supplies		11,566	
Other Supplies and Materials		27	
Other Charges		906	
Building Improvements		153	
Data Processing Equipment		749	
Total Accounting and Budgeting			280,977

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Assistant(s)		55,984	
Deputy(ies)		30,006	
Board and Committee Members Fees		3,700	
Social Security		8,865	
Pensions		10,263	
Employer Medicare		2,073	
Communication		4,259	
Data Processing Services		22,673	
Dues and Memberships		1,470	
Maintenance and Repair Services - Buildings		1,953	
Maintenance and Repair Services - Vehicles		270	
Travel		2,236	
Other Contracted Services		5,275	
Office Supplies		1,311	
Other Supplies and Materials		272	
Total Property Assessor's Office			214,453

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Assistant(s)		8,458	

(Continued)

Exhibit K-8

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

General Fund (Cont.)Finance (Cont.)County Trustee's Office (Cont.)

Deputy(ies)	\$	30,005	
Other Salaries and Wages		24,705	
Social Security		7,129	
Pensions		8,121	
Employer Medicare		1,667	
Communication		1,761	
Contracts with Other Public Agencies		3,200	
Data Processing Services		9,858	
Dues and Memberships		607	
Travel		1,074	
Office Supplies		2,887	
Office Equipment		325	
Total County Trustee's Office			\$ 163,640

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Assistant(s)		54,881	
Deputy(ies)		30,005	
Temporary Personnel		4,979	
Part-time Personnel		266	
Other Salaries and Wages		25,383	
Social Security		10,673	
Pensions		11,926	
Employer Medicare		2,496	
Communication		4,480	
Dues and Memberships		507	
Maintenance and Repair Services - Buildings		2,712	
Printing, Stationery, and Forms		1,959	
Other Contracted Services		8,604	
Office Supplies		6,500	
Data Processing Equipment		5,692	
Total County Clerk's Office			234,906

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	63,843	
Assistant(s)		42,808	
Deputy(ies)		89,650	
Part-time Personnel		9,609	
Jury and Witness Expense		7,014	
Social Security		12,457	
Pensions		13,454	
Employer Medicare		2,913	
Communication		4,272	
Data Processing Services		7,775	
Dues and Memberships		407	
Printing, Stationery, and Forms		3,737	

(Continued)

Exhibit K-8

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

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court (Cont.)

Office Supplies	\$	5,695	
Other Charges		3,034	
Total Circuit Court			\$ 266,668

General Sessions Court

Judge(s)	\$	113,785	
Assistant(s)		59,842	
Salary Supplements		10,264	
Secretary(ies)		23,082	
Clerical Personnel		24,098	
Part-time Personnel		14,815	
Board and Committee Members Fees		5,308	
Social Security		15,415	
Pensions		15,038	
Employer Medicare		3,605	
Communication		4,446	
Data Processing Services		4,462	
Travel		582	
Other Contracted Services		5,200	
Office Supplies		960	
Other Supplies and Materials		31,908	
Total General Sessions Court			332,810

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		30,006	
Other Salaries and Wages		26,144	
Social Security		7,246	
Pensions		8,219	
Employer Medicare		1,695	
Communication		2,803	
Data Processing Services		1,200	
Dues and Memberships		407	
Printing, Stationery, and Forms		294	
Office Supplies		1,187	
Data Processing Equipment		2,238	
Total Chancery Court			145,282

District Attorney General

Other Contracted Services	\$	6,384	
Other Supplies and Materials		13,505	
Other Charges		28,500	
Total District Attorney General			48,389

Office of Public Defender

Other Contracted Services	\$	15,371	
Other Supplies and Materials		12,736	
Other Charges		4,500	
Total Office of Public Defender			32,607

(Continued)

Exhibit K-8

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

General Fund (Cont.)Public SafetySheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		902,969	
Salary Supplements		31,200	
Secretary(ies)		43,815	
Overtime Pay		1,394	
Social Security		62,479	
Pensions		69,693	
Employer Medicare		14,612	
Communication		40,481	
Dues and Memberships		1,750	
Licenses		600	
Maintenance and Repair Services - Buildings		643	
Maintenance and Repair Services - Equipment		2,675	
Maintenance and Repair Services - Vehicles		50,841	
Towing Services		3,098	
Travel		14,015	
Tuition		12,354	
Other Contracted Services		3,371	
Gasoline		94,811	
Law Enforcement Supplies		14,617	
Office Supplies		7,288	
Tires and Tubes		11,164	
Uniforms		4,940	
Other Supplies and Materials		6,229	
Liability Insurance		42,000	
Workers' Compensation Insurance		70,858	
Other Charges		1,236	
Communication Equipment		11,485	
Furniture and Fixtures		4,294	
Motor Vehicles		9,000	
Total Sheriff's Department			\$ 1,604,140

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	3,839	
Total Administration of the Sexual Offender Registry			3,839

Jail

Deputy(ies)	\$	635,422	
Dispatchers/Radio Operators		278,040	
Social Security		54,276	
Pensions		62,435	
Employer Medicare		12,694	
Communication		3,000	
Maintenance and Repair Services - Equipment		126	
Medical and Dental Services		217,830	
Travel		3,346	
Tuition		200	

(Continued)

Exhibit K-8

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Other Contracted Services	\$	3,263	
Food Supplies		212,352	
Office Supplies		2,850	
Uniforms		251	
Other Supplies and Materials		46,103	
Data Processing Equipment		722	
Total Jail			\$ 1,532,910

Juvenile Services

Supervisor/Director	\$	30,405	
Deputy(ies)		86,129	
Youth Service Officer(s)		5,529	
Part-time Personnel		59,149	
Social Security		10,982	
Pensions		8,012	
Employer Medicare		2,568	
Communication		4,189	
Other Contracted Services		7,328	
Electricity		1,171	
Food Supplies		16,689	
Gasoline		348	
Natural Gas		1,994	
Office Supplies		519	
Water and Sewer		3,495	
Other Supplies and Materials		9,668	
Workers' Compensation Insurance		3,370	
Other Charges		451	
Total Juvenile Services			251,996

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	26,500	
Social Security		1,521	
Pensions		1,815	
Employer Medicare		356	
Communication		658	
Travel		1,959	
Electricity		10,429	
Natural Gas		2,336	
Office Supplies		688	
Water and Sewer		748	
Other Supplies and Materials		55	
Other Charges		2,585	
Total Civil Defense			49,650

(Continued)

Exhibit K-8

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	\$ 3,195	
Social Security	198	
Employer Medicare	46	
Other Charges	180	
Total County Coroner/Medical Examiner		3,619

Public Health and WelfareLocal Health Center

Social Security	\$ 1,593	
Pensions	1,337	
Employer Medicare	373	
Contributions	59,096	
Other Charges	25,324	
Total Local Health Center		87,723

Other Local Health Services

Medical Personnel	\$ 157,646	
Social Security	9,266	
Pensions	9,338	
Medical Insurance	10,637	
Employer Medicare	2,167	
Travel	2,493	
Other Supplies and Materials	29	
Workers' Compensation Insurance	7,190	
Total Other Local Health Services		198,766

General Welfare Assistance

Contributions	\$ 1,469	
Total General Welfare Assistance		1,469

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Deputy(ies)	\$ 29,677	
Part-time Personnel	19,021	
Social Security	2,873	
Pensions	2,033	
Employer Medicare	672	
Communication	2,741	
Maintenance and Repair Services - Vehicles	2,286	
Travel	6,665	
Office Supplies	340	
Utilities	8,246	
Other Supplies and Materials	613	
Workers' Compensation Insurance	489	
Total Senior Citizens Assistance		75,656

(Continued)

Exhibit K-8

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Libraries

Other Salaries and Wages	\$	27,857	
Social Security		1,715	
Employer Medicare		404	
Communication		3,203	
Postal Charges		77	
Library Books/Media		10,152	
Office Supplies		3,008	
Periodicals		607	
Utilities		4,885	
Other Charges		1,441	
Total Libraries			\$ 53,349

Agriculture and Natural ResourcesAgricultural Extension Service

Assistant(s)	\$	26,163	
Supervisor/Director		12,834	
Secretary(ies)		3,761	
Social Security		2,468	
Pensions		6,382	
Employer Medicare		578	
Communication		2,747	
Dues and Memberships		65	
Travel		2,034	
Other Supplies and Materials		224	
Other Charges		225	
Total Agricultural Extension Service			57,481

Other OperationsTourism

Supervisor/Director	\$	26,500	
Clerical Personnel		20,337	
Social Security		2,811	
Pensions		3,106	
Employer Medicare		657	
Contributions		15,678	
Total Tourism			69,089

Industrial Development

Other Charges	\$	6,500	
Total Industrial Development			6,500

Airport

Supervisor/Director	\$	29,564	
Temporary Personnel		20,925	
Part-time Personnel		2,261	
Social Security		3,028	
Pensions		3,370	

(Continued)

Exhibit K-8

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

General Fund (Cont.)Other Operations (Cont.)Airport (Cont.)

Employer Medicare	\$	708	
Communication		3,952	
Maintenance and Repair Services - Buildings		85	
Maintenance and Repair Services - Equipment		2,187	
Maintenance and Repair Services - Vehicles		506	
Travel		3,799	
Other Contracted Services		2,625	
Diesel Fuel		143,237	
Electricity		18,066	
Gasoline		50,241	
Natural Gas		1,110	
Office Supplies		200	
Water and Sewer		982	
Other Supplies and Materials		1,503	
Liability Insurance		3,250	
Workers' Compensation Insurance		3,348	
Other Charges		151,052	
Total Airport			\$ 445,999

Veterans' Services

Supervisor/Director	\$	38,702	
Social Security		2,400	
Pensions		2,651	
Employer Medicare		561	
Contracts with Other Public Agencies		399	
Travel		1,555	
Other Supplies and Materials		460	
Total Veterans' Services			46,728

Contributions to Other Agencies

Contributions	\$	79,108	
Total Contributions to Other Agencies			79,108

Miscellaneous

Life Insurance	\$	3,324	
Medical Insurance		254,321	
Unemployment Compensation		21,860	
Other Fringe Benefits		2,450	
Maintenance and Repair Services - Vehicles		87	
Postal Charges		21,753	
Liability Insurance		91,000	
Trustee's Commission		83,677	
Workers' Compensation Insurance		10,142	
Other Charges		3,415	
Total Miscellaneous			492,029

(Continued)

Exhibit K-8

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

General Fund (Cont.)HighwaysHighway and Bridge Maintenance

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

Total General Fund \$ 7,953,366

Solid Waste/Sanitation FundPublic Health and WelfareRecycling Center

Laborers	\$	69,457	
Social Security		4,295	
Pensions		5,689	
Life Insurance		54	
Medical Insurance		6,584	
Employer Medicare		1,004	
Communication		2,225	
Maintenance and Repair Services - Equipment		20	
Maintenance and Repair Services - Vehicles		705	
Other Contracted Services		34,317	
Custodial Supplies		3,975	
Diesel Fuel		3,158	
Electricity		3,284	
Equipment and Machinery Parts		1,496	
Gasoline		2,307	
Natural Gas		2,503	
Propane Gas		25	
Uniforms		1,706	
Water and Sewer		586	
Other Supplies and Materials		1,710	
Trustee's Commission		2,119	
Vehicle and Equipment Insurance		854	
Workers' Compensation Insurance		4,608	
Other Charges		6,249	
Total Recycling Center			\$ 158,930

Postclosure Care Costs

Other Contracted Services	\$	12,727	
Total Postclosure Care Costs			12,727

HighwaysLitter and Trash Collection

Other Supplies and Materials	\$	14,875	
Total Litter and Trash Collection			14,875

Total Solid Waste/Sanitation Fund 186,532

(Continued)

Exhibit K-8

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

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Supervisor/Director	\$	47,096	
Medical Personnel		749,153	
Part-time Personnel		5,769	
Overtime Pay		180,664	
Social Security		57,024	
Pensions		63,412	
Life Insurance		6,795	
Medical Insurance		61,096	
Unemployment Compensation		4,684	
Employer Medicare		13,337	
Communication		13,887	
Contracts with Other Public Agencies		137,204	
Licenses		2,750	
Maintenance and Repair Services - Equipment		1,840	
Maintenance and Repair Services - Vehicles		28,462	
Printing, Stationery, and Forms		214	
Towing Services		1,004	
Travel		1,478	
Tuition		2,194	
Disposal Fees		210	
Other Contracted Services		5,722	
Custodial Supplies		1,704	
Diesel Fuel		58,401	
Drugs and Medical Supplies		51,270	
Electricity		3,495	
Equipment and Machinery Parts		8,463	
Gasoline		2,511	
Natural Gas		2,556	
Office Supplies		1,302	
Propane Gas		11,878	
Tires and Tubes		7,603	
Uniforms		1,736	
Water and Sewer		1,017	
Other Supplies and Materials		3,721	
Refunds		6,545	
Trustee's Commission		18,209	
Vehicle and Equipment Insurance		19,000	
Workers' Compensation Insurance		119,968	
Other Charges		3,003	
Office Equipment		1,667	
Total Ambulance/Emergency Medical Services			\$ 1,708,044

Total Ambulance Service Fund \$ 1,708,044

(Continued)

Exhibit K-8

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

Drug Control FundOther OperationsMiscellaneous

Confidential Drug Enforcement Payments	\$	3,000	
Maintenance and Repair Services - Vehicles		2,123	
Animal Food and Supplies		967	
Trustee's Commission		625	
Other Charges		18,114	
Law Enforcement Equipment		19,448	
Motor Vehicles		37,962	
Total Miscellaneous			<u>\$ 82,239</u>

Total Drug Control Fund \$ 82,239

Constitutional Officers - Fees FundAdministration of JusticeGeneral Sessions Court

Special Commissioner Fees/Special Master Fees	\$	2,100	
Total General Sessions Court			<u>\$ 2,100</u>

Total Constitutional Officers - Fees Fund 2,100

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	70,228	
Clerical Personnel		28,475	
Overtime Pay		1,494	
Social Security		6,046	
Pensions		6,945	
Unemployment Compensation		540	
Employer Medicare		1,414	
Dues and Memberships		2,759	
Postal Charges		129	
Printing, Stationery, and Forms		40	
Travel		351	
Custodial Supplies		211	
Office Supplies		954	
Total Administration			<u>\$ 119,586</u>

Highway and Bridge Maintenance

Equipment Operators	\$	28,269	
Truck Drivers		45,310	
Laborers		342,374	
Overtime Pay		56,750	
Social Security		28,599	
Pensions		30,027	
Unemployment Compensation		8,298	
Employer Medicare		6,688	
Other Contracted Services		607	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Asphalt - Cold Mix	\$	96,239	
Asphalt - Hot Mix		266,879	
Concrete		108	
Crushed Stone		176,637	
Other Road Materials		10,496	
Pipe - Metal		20,538	
Road Signs		130	
Total Highway and Bridge Maintenance			\$ 1,117,949

Operation and Maintenance of Equipment

Foremen	\$	53,162	
Mechanic(s)		52,816	
Social Security		6,237	
Pensions		7,657	
Unemployment Compensation		1,325	
Employer Medicare		1,459	
Maintenance and Repair Services - Equipment		3,273	
Maintenance and Repair Services - Vehicles		3,023	
Towing Services		75	
Other Contracted Services		1,213	
Diesel Fuel		79,685	
Equipment and Machinery Parts		120,305	
Garage Supplies		1,511	
Gasoline		20,597	
Lubricants		6,851	
Propane Gas		1,713	
Small Tools		340	
Tires and Tubes		16,635	
Other Supplies and Materials		1,942	
Total Operation and Maintenance of Equipment			379,819

Other Charges

Communication	\$	6,762	
Electricity		8,482	
Natural Gas		2,566	
Water and Sewer		851	
Trustee's Commission		18,540	
Vehicle and Equipment Insurance		28,000	
Workers' Compensation Insurance		53,203	
Other Charges		20,889	
Motor Vehicles		9,000	
Total Other Charges			148,293

Employee Benefits

Employee and Dependent Insurance	\$	66,292	
Life Insurance		580	
Total Employee Benefits			66,872

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Principal on Debt

Highways and Streets

Principal on Notes	\$ 1,090,887	
Total Highways and Streets		\$ 1,090,887

Interest on Debt

Highways and Streets

Interest on Notes	\$ 59,529	
Total Highways and Streets		59,529

Total Highway/Public Works Fund		\$ 2,982,935
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 185,000	
Principal on Other Loans	646,400	
Total General Government		\$ 831,400

Interest on Debt

General Government

Interest on Bonds	\$ 82,690	
Interest on Other Loans	45,589	
Total General Government		128,279

Other Debt Service

General Government

Trustee's Commission	\$ 12,700	
Other Debt Service	144,881	
Total General Government		157,581

Total General Debt Service Fund		1,117,260
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Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 480,000	
Principal on Notes	56,297	
Principal on Other Loans	161,000	
Total Education		\$ 697,297

Interest on Debt

Education

Interest on Bonds	\$ 185,757	
Interest on Notes	2,205	
Interest on Other Loans	3,403	
Total Education		191,365

(Continued)

Exhibit K-8

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

Rural Debt Service Fund (Cont.)Other Debt ServiceEducation

Trustee's Commission	\$	16,658	
Other Debt Service		12,513	
Total Education			\$ 29,171

Total Rural Debt Service Fund \$ 917,833

General Capital Projects FundGeneral GovernmentElection Commission

Office Equipment	\$	3,223	
Total Election Commission			\$ 3,223

County Buildings

Maintenance and Repair Services - Buildings	\$	37,589	
Maintenance and Repair Services - Equipment		4,632	
Other Contracted Services		11,000	
Other Supplies and Materials		197	
Maintenance Equipment		11,269	
Total County Buildings			64,687

FinanceAccounting and Budgeting

Other Supplies and Materials	\$	234	
Office Equipment		2,572	
Total Accounting and Budgeting			2,806

Property Assessor's Office

Motor Vehicles	\$	20,580	
Office Equipment		1,039	
Total Property Assessor's Office			21,619

Administration of JusticeCircuit Court

Other Charges	\$	3,100	
Total Circuit Court			3,100

Chancery Court

Other Charges	\$	1,550	
Total Chancery Court			1,550

Public SafetySheriff's Department

Motor Vehicles	\$	70,047	
Other Equipment		25,381	
Total Sheriff's Department			95,428

(Continued)

Exhibit K-8

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

General Capital Projects Fund (Cont.)

Public Safety (Cont.)

Jail

Other Contracted Services	\$ 8,500	
Total Jail		\$ 8,500

Juvenile Services

Maintenance and Repair Services - Buildings	\$ 16,194	
Total Juvenile Services		16,194

Civil Defense

Motor Vehicles	\$ 5,000	
Total Civil Defense		5,000

Social, Cultural, and Recreational Services

Libraries

Office Supplies	\$ 700	
Other Charges	2,260	
Total Libraries		2,960

Highways

Capital Outlay

Trustee's Commission	\$ 5,756	
Total Capital Outlay		5,756

Capital Projects

Highway and Street Capital Projects

Right-of-Way	\$ 30,304	
Total Highway and Street Capital Projects		30,304

Total General Capital Projects Fund		\$ 261,127
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Total Governmental Funds - Primary Government		\$ 15,211,436
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Exhibit K-9

Scott County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Scott County School Department
For the Year Ended June 30, 2015

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 6,391,834	
Career Ladder Program	54,004	
Career Ladder Extended Contracts	18,000	
Homebound Teachers	37,548	
Educational Assistants	412,907	
Other Salaries and Wages	318,534	
Certified Substitute Teachers	128,938	
Social Security	434,238	
Pensions	636,899	
Life Insurance	10,951	
Medical Insurance	1,176,095	
Unemployment Compensation	15,959	
Employer Medicare	101,558	
Other Fringe Benefits	5,250	
Other Contracted Services	6,627	
Instructional Supplies and Materials	146,584	
Textbooks	192,006	
Fines, Assessments, and Penalties	214	
Other Charges	8,077	
Regular Instruction Equipment	243,932	
Total Regular Instruction Program		\$ 10,340,155

Alternative Instruction Program

Teachers	\$ 39,700	
Educational Assistants	13,361	
Social Security	2,939	
Pensions	4,504	
Medical Insurance	2,940	
Unemployment Compensation	140	
Employer Medicare	687	
Total Alternative Instruction Program		64,271

Special Education Program

Teachers	\$ 781,238	
Career Ladder Program	5,084	
Homebound Teachers	37,983	
Educational Assistants	135,896	
Certified Substitute Teachers	25,321	
Social Security	58,583	
Pensions	83,689	
Medical Insurance	94,087	
Unemployment Compensation	2,218	
Employer Medicare	13,701	
Other Contracted Services	55,193	
Instructional Supplies and Materials	14,885	
Other Supplies and Materials	14,770	

(Continued)

Exhibit K-9

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.)

Other Charges	\$	60	
Special Education Equipment		929	
Total Special Education Program			\$ 1,323,637

Vocational Education Program

Teachers	\$	414,516	
Career Ladder Program		3,000	
Educational Assistants		26,722	
Social Security		26,434	
Pensions		39,574	
Medical Insurance		48,701	
Unemployment Compensation		846	
Employer Medicare		6,182	
Total Vocational Education Program			565,975

Support Services

Attendance

Supervisor/Director	\$	65,453	
Career Ladder Program		1,000	
Social Security		4,209	
Pensions		6,120	
Medical Insurance		8,776	
Unemployment Compensation		74	
Employer Medicare		984	
Travel		1,945	
Total Attendance			88,561

Health Services

Medical Personnel	\$	46,492	
Other Salaries and Wages		156,419	
Social Security		12,282	
Pensions		14,817	
Medical Insurance		8,634	
Unemployment Compensation		471	
Employer Medicare		2,873	
Travel		10,966	
Other Supplies and Materials		16,284	
Other Charges		2,834	
Total Health Services			272,072

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		199,722	
Secretary(ies)		21,339	
Social Security		13,202	
Pensions		19,788	

(Continued)

Exhibit K-9

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.)

Other Student Support (Cont.)

Medical Insurance	\$	32,844	
Unemployment Compensation		360	
Employer Medicare		3,088	
Evaluation and Testing		4,259	
Travel		2,834	
Total Other Student Support			\$ 300,436

Regular Instruction Program

Supervisor/Director	\$	63,408	
Career Ladder Program		9,000	
Librarians		321,876	
Secretary(ies)		13,448	
Social Security		23,445	
Pensions		36,534	
Medical Insurance		54,705	
Unemployment Compensation		611	
Employer Medicare		5,483	
Travel		19,581	
Library Books/Media		23,581	
In Service/Staff Development		20,610	
Other Charges		30,115	
Other Equipment		10,295	
Total Regular Instruction Program			632,692

Special Education Program

Supervisor/Director	\$	63,468	
Career Ladder Program		1,000	
Psychological Personnel		44,300	
Secretary(ies)		30,804	
Social Security		8,253	
Pensions		11,943	
Medical Insurance		10,531	
Unemployment Compensation		216	
Employer Medicare		1,930	
Travel		16,430	
In Service/Staff Development		350	
Total Special Education Program			189,225

Vocational Education Program

Supervisor/Director	\$	57,842	
Social Security		3,419	
Pensions		5,229	
Medical Insurance		1,755	
Unemployment Compensation		68	
Employer Medicare		800	
Total Vocational Education Program			69,113

(Continued)

Exhibit K-9

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.)Other Programs

On-behalf Payments to OPEB	\$	119,906	
Total Other Programs			\$ 119,906

Board of Education

Secretary to Board	\$	29,637	
Board and Committee Members Fees		39,900	
Social Security		4,311	
Pensions		2,811	
Medical Insurance		2,940	
Unemployment Compensation		251	
Employer Medicare		1,008	
Audit Services		5,850	
Dues and Memberships		8,543	
Legal Services		50	
Travel		12,326	
Other Contracted Services		48,940	
Other Supplies and Materials		3,415	
Liability Insurance		2,500	
Trustee's Commission		92,197	
Workers' Compensation Insurance		169,471	
Other Charges		15,392	
Total Board of Education			439,542

Director of Schools

County Official/Administrative Officer	\$	86,915	
Career Ladder Program		1,000	
Secretary(ies)		29,637	
Social Security		7,293	
Pensions		10,176	
Medical Insurance		13,960	
Unemployment Compensation		144	
Employer Medicare		1,706	
Communication		43,999	
Postal Charges		49	
Travel		4,428	
Office Supplies		8,538	
Other Charges		6,682	
Total Director of Schools			214,527

Office of the Principal

Principals	\$	440,543	
Career Ladder Program		7,000	
Assistant Principals		96,025	
Secretary(ies)		128,200	
Social Security		39,770	
Pensions		56,138	

(Continued)

Exhibit K-9

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.)

Office of the Principal (Cont.)

Medical Insurance	\$	51,945	
Unemployment Compensation		1,061	
Employer Medicare		9,301	
Communication		20,398	
Travel		2,912	
Total Office of the Principal			\$ 853,293

Operation of Plant

Supervisor/Director	\$	26,051	
Custodial Personnel		318,350	
Social Security		20,973	
Pensions		23,274	
Medical Insurance		11,760	
Unemployment Compensation		1,701	
Employer Medicare		4,902	
Disposal Fees		20,655	
Other Contracted Services		14,317	
Electricity		600,165	
Natural Gas		124,572	
Water and Sewer		71,150	
Other Supplies and Materials		83,235	
Building and Contents Insurance		157,918	
Other Charges		10,021	
Plant Operation Equipment		3,376	
Total Operation of Plant			1,492,420

Maintenance of Plant

Maintenance Personnel	\$	129,130	
Social Security		7,932	
Pensions		8,845	
Medical Insurance		8,820	
Unemployment Compensation		418	
Employer Medicare		1,855	
Other Contracted Services		2,336	
Other Supplies and Materials		67,026	
Other Charges		2,484	
Total Maintenance of Plant			228,846

Transportation

Supervisor/Director	\$	28,425	
Mechanic(s)		46,864	
Bus Drivers		544,034	
Social Security		38,120	
Pensions		37,539	
Medical Insurance		1,960	
Unemployment Compensation		3,092	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)Support Services (Cont.)Transportation (Cont.)

Employer Medicare	\$	8,915	
Contracts with Vehicle Owners		595	
Towing Services		3,565	
Diesel Fuel		151,574	
Gasoline		13,450	
Tires and Tubes		34,728	
Vehicle Parts		87,952	
Other Supplies and Materials		7,467	
Other Charges		39,072	
Total Transportation			\$ 1,047,352

Central and Other

Supervisor/Director	\$	51,958	
Other Salaries and Wages		170,381	
Social Security		13,051	
Pensions		16,033	
Medical Insurance		11,760	
Unemployment Compensation		431	
Employer Medicare		3,052	
Total Central and Other			266,666

Operation of Non-Instructional ServicesCommunity Services

Supervisor/Director	\$	30,638	
Social Security		1,878	
Pensions		2,770	
Medical Insurance		5,860	
Unemployment Compensation		35	
Employer Medicare		439	
Travel		2,400	
Instructional Supplies and Materials		4,699	
Other Charges		481	
Total Community Services			49,200

Early Childhood Education

Supervisor/Director	\$	30,638	
Teachers		394,655	
Bus Drivers		1,250	
Educational Assistants		149,486	
Other Salaries and Wages		3,085	
Certified Substitute Teachers		21,753	
Social Security		35,782	
Pensions		48,978	
Medical Insurance		56,499	
Unemployment Compensation		1,512	
Employer Medicare		8,368	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Travel	\$	9,565	
Instructional Supplies and Materials		162,497	
In Service/Staff Development		13,374	
Other Charges		900	
Total Early Childhood Education			\$ 938,342

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	55,808	
Total Regular Capital Outlay			55,808

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	363,959	
Total Education			363,959

Total General Purpose School Fund \$ 19,915,998

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	593,865	
Educational Assistants		159,962	
Certified Substitute Teachers		4,438	
Non-certified Substitute Teachers		20,470	
Social Security		45,917	
Pensions		64,636	
Medical Insurance		115,618	
Unemployment Compensation		1,979	
Employer Medicare		10,738	
Instructional Supplies and Materials		70,702	
Other Supplies and Materials		5	
Regular Instruction Equipment		35,361	
Total Regular Instruction Program			\$ 1,123,691

Special Education Program

Teachers	\$	152,442	
Educational Assistants		267,973	
Non-certified Substitute Teachers		3,238	
Social Security		25,516	
Pensions		32,136	
Medical Insurance		39,056	
Unemployment Compensation		1,645	
Employer Medicare		5,967	
Other Contracted Services		65,959	
Instructional Supplies and Materials		1,296	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

Other Supplies and Materials	\$	276	
Special Education Equipment		2,398	
Total Special Education Program			\$ 597,902

Vocational Education Program

Instructional Supplies and Materials	\$	8,203	
Vocational Instruction Equipment		41,007	
Total Vocational Education Program			49,210

Support ServicesOther Student Support

Other Salaries and Wages	\$	53,163	
Social Security		3,124	
Pensions		4,988	
Unemployment Compensation		74	
Employer Medicare		731	
Travel		1,972	
In Service/Staff Development		1,595	
Other Charges		15,812	
Total Other Student Support			81,459

Regular Instruction Program

Supervisor/Director	\$	59,767	
Secretary(ies)		13,448	
Other Salaries and Wages		106,335	
Social Security		10,464	
Pensions		15,033	
Medical Insurance		22,519	
Unemployment Compensation		242	
Employer Medicare		2,447	
Travel		16,385	
Other Supplies and Materials		3,894	
In Service/Staff Development		24,447	
Total Regular Instruction Program			274,981

Special Education Program

Psychological Personnel	\$	40,347	
Social Security		2,469	
Pensions		3,601	
Unemployment Compensation		144	
Employer Medicare		577	
Travel		4,740	
In Service/Staff Development		3,153	
Total Special Education Program			55,031

(Continued)

Exhibit K-9

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.)

Vocational Education Program

Travel	\$	1,776	
In Service/Staff Development		100	
Total Vocational Education Program			\$ 1,876

Transportation

Bus Drivers	\$	31,089	
Social Security		1,923	
Pensions		2,125	
Unemployment Compensation		147	
Employer Medicare		450	
Total Transportation			35,734

Total School Federal Projects Fund \$ 2,219,884

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	58,042	
Cafeteria Personnel		551,590	
Other Salaries and Wages		22,978	
In-service Training		8,337	
Social Security		37,790	
Pensions		42,643	
Medical Insurance		19,862	
Unemployment Compensation		3,254	
Employer Medicare		8,845	
Travel		6,185	
Food Preparation Supplies		20,836	
Food Supplies		782,664	
USDA - Commodities		101,946	
Other Supplies and Materials		109,615	
Food Service Equipment		169,624	
Total Food Service			\$ 1,944,211

Total Central Cafeteria Fund 1,944,211

Total Governmental Funds - Scott County School Department \$ 24,080,093

Exhibit K-10

Scott County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund	Special School District Fund	City School ADA - Oneida Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 368,385	\$ 797,136	\$ 1,165,521
Discounts on Property Taxes	0	(4,672)	(7,975)	(12,647)
Trustee's Collections - Prior Years	0	12,784	51,536	64,320
Circuit/Clerk and Master Collections - Prior Years	0	16,784	24,371	41,155
Interest and Penalty	0	2,244	9,063	11,307
Payments in-Lieu-of-Taxes - Local Utilities	0	74,182	0	74,182
Local Option Sales Tax	1,493,781	0	568,673	2,062,454
Interstate Telecommunications Tax	0	0	661	661
Marriage Licenses	0	0	230	230
Other Local Revenues	0	0	93	93
Mixed Drink Tax	0	0	240	240
Total Cash Receipts	<u>\$ 1,493,781</u>	<u>\$ 469,707</u>	<u>\$ 1,444,028</u>	<u>\$ 3,407,516</u>
<u>Cash Disbursements</u>				
Remittance of Revenue Collected	\$ 1,478,843	\$ 458,828	\$ 1,411,043	\$ 3,348,714
Trustee's Commission	14,938	9,319	23,091	47,348
Total Cash Disbursements	<u>\$ 1,493,781</u>	<u>\$ 468,147</u>	<u>\$ 1,434,134</u>	<u>\$ 3,396,062</u>
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ 1,560	\$ 9,894	\$ 11,454
Cash Balance, July 1, 2014	0	4,597	49,719	54,316
Cash Balance, June 30, 2015	<u>\$ 0</u>	<u>\$ 6,157</u>	<u>\$ 59,613</u>	<u>\$ 65,770</u>

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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental 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, 2015, and the related notes to the financial statements, which collectively comprise Scott County's basic financial statements, and have issued our report thereon dated February 19, 2016. Our report includes a reference to other auditors who audited the financial statements of the Scott County Emergency Communications District, as described in our report on Scott County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scott County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Scott County's internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-002, 2015-003, 2015-006, and 2015-007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scott County's financial statements are free from 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: 2015-001, 2015-004, 2015-005, and 2015-008.

Scott County's Responses to Findings

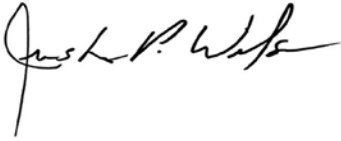
Scott County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Scott County's response were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering

Scott County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 19, 2016

JPW/yu



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 Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Scott County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Scott County's major federal programs for the year ended June 30, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Scott County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Scott County's compliance.

Opinion on Each Major Federal Program

In our opinion, Scott County complied, in all material respects, with the types of compliance 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, 2015.

Report on Internal Control Over Compliance

Management of Scott County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Scott County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

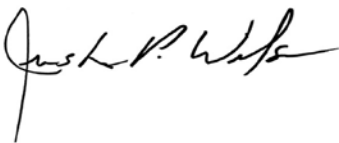
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental 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, 2015, and the related notes to the financial statements, which collectively comprise Scott County's basic financial statements. We issued our report thereon dated February 19, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 19, 2016

JPW/yu

Scott County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

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	\$ 101,946 (3)
Community Facilities Loans and Grants	10.766	N/A	16,900
Passed-through State Department of Education:			
Fresh Fruit and Vegetable Program	10.582	N/A	78,076
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	407,865
National School Lunch Program	10.555	N/A	1,195,548 (3)
Total U.S. Department of Agriculture			<u>\$ 1,800,335</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/Entitlement Grants	14.218	N/A	<u>\$ 6,500</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 6,500</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 153,631</u>
Total Bureau of Land Management, Department of the Interior			<u>\$ 153,631</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 80,150
Alcohol Open Container Requirements	20.607	(2)	5,000
Total U.S. Department of Transportation			<u>\$ 85,150</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,226,655
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	683,159
Special Education - Preschool Grants	84.173	N/A	19,569
Career and Technical Education - Basic Grants to States	84.048	N/A	54,652
Rural Education	84.358	N/A	39,816
Improving Teacher Quality State Grants	84.367	N/A	198,011
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	35,074
Total U.S. Department of Education			<u>\$ 2,256,936</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(2)	\$ 614,666
Emergency Management Performance Grants	97.042	(2)	18,984
Total U.S. Department of Homeland Security			<u>\$ 633,650</u>
Total Expenditures of Federal Awards			<u>\$ 4,936,202</u>

(Continued)

Scott County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 33,700
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	(2)	101,073
Airport Maintenance Program - State Department of Transportation	N/A	(2)	60,942
Health Department Programs - State Department of Health	N/A	(2)	231,335
ACT Test Funding	N/A	(2)	7,730
Appalachian Life Quality Initiative Grant - State Department of Education	N/A	(2)	14,664
Arts Student Ticket Subsidy	N/A	(2)	2,287
Connect Tennessee	N/A	(2)	8,465
Drivers Education	N/A	(2)	18,706
Energy Efficient School Initiative	N/A	(2)	1,200
Drug Court Grant - State Office of Criminal Justice Programs	N/A	(2)	76,745
Coordinated School Health - State Department of Education	N/A	(2)	100,994
Family Resource Center - State Department of Education	N/A	(2)	213,098
Save the Children - State Department of Education	N/A	(2)	8,740
Safe Schools	N/A	(2)	24,801
Early Childhood Education - State Department of Education	N/A	(2)	951,423
Waste Tire Option Grant - State Department of Environment and Conservation	N/A	(2)	3,139
Total State Grants			<u>\$ 1,859,042</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$1,297,494.

Scott County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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, 2014, which have not been corrected.

OFFICES OF DIRECTOR OF FINANCE AND DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-001	180	The School Federal Projects Fund had a deficit in unassigned fund balance at June 30, 2014

OFFICES OF DIRECTOR OF FINANCE AND COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-002	181	Some purchase orders were issued after purchases were made

OFFICES CLERK AND MASTER AND REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-007	186	Duties were not segregated adequately

OFFICE OF REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-008	186	Multiple employees operated from the same cash drawer

SCOTT COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Scott County is unmodified.
2. The audit of the financial statements of Scott County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Scott County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified 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 Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), Title I Grants to Local Educational Agencies (CFDA No. 84.010), 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 did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The current and former directors of finance, trustee and sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF DIRECTOR OF FINANCE AND COUNTY MAYOR

FINDING 2015-001 **CAPITAL OUTLAY NOTES WERE NOT ISSUED IN COMPLIANCE WITH STATE STATUTES** (Noncompliance Under *Government Auditing Standards*)

Two capital outlay notes were issued during the year to loan idle funds in the Rural Debt Service Fund to the Education Capital Projects Fund. A \$200,000 note was issued May 6, 2015, for the purchase of school buses, and a \$75,000 note was issued June 29, 2015, for other school capital projects. Resolutions authorizing the issuance of the capital outlay notes were not approved by County Commission or the state Comptroller's Office as required by Section 9-21-601, *Tennessee Code Annotated (TCA)*. Also, county officials did not file a Report on Debt Obligation for either of the capital outlay notes with the state Comptroller's Office. Section 9-21-151, *TCA*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt was issued, a description of the debt obligation, and an itemized description of the costs of issuance. These deficiencies were the result of management's failure to follow state statutes, which increases the risk of unauthorized transactions.

RECOMMENDATION

Capital outlay notes should be issued in compliance with state statutes.

MANAGEMENT'S RESPONSE – FORMER DIRECTOR OF FINANCE, BRIAN STRUNK

The \$275,000 was budgeted and approved as part of the overall budget and shown as a transfer out of Rural Debt Fund 152 to Educational Capital Projects 177. This was capital expenditures dollars for the purchase of two (2) buses and roof repairs at the High School. All expenditures and budgets were approved.

MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF FINANCE, GINGER REYNOLDS

Capital outlay notes for FY 14-15 and FY 15-16 will be presented to the county legislative body for a resolution authorizing the issuance of the notes and forwarded to the State Comptroller's Office for approval. After the county receives the approval from the State Comptroller's Office, the Report on Debt Obligation will be sent to the State Comptroller's Office within 45 days.

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

FINDING 2015-002

SOME PURCHASE ORDERS WERE ISSUED AFTER THE PURCHASES WERE MADE

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 31 disbursements totaling \$50,328 from a population of 6,771 vendor checks totaling \$14,573,797. Our sample revealed that in eight instances, purchase orders were issued after purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase. This deficiency can be attributed to a lack of management oversight, and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made.

MANAGEMENT'S RESPONSE – FORMER DIRECTOR OF FINANCE, BRIAN STRUNK

This is the second consecutive year of this audit finding and nothing has changed. There continues to be wide-spread abuse of the purchase order system throughout the County and in particular in the Road Department, County Mayor's Office, and county Maintenance Department and to a lesser degree, the school system. The Road Department continues to be allowed to issue their own purchase order numbers (with the Finance Department receiving after the fact) and makes routine non-emergency purchases without purchase orders BEFORE the purchase. The overwhelming majority of local and regional vendors continue to support this practice as well. There is no leadership from the Finance Committee to change this practice and subsequently no support from the County Commission. The Finance Department, for many years, has attempted to improve this process but without support from the Legislative body, it will prove an impossible task.

The County will place its current 3-Star designation in jeopardy if this audit finding continues and it is fact that this practice continues into the current FY2015-16 fiscal year.

AUDITOR'S COMMENT REGARDING MANAGEMENT'S RESPONSE BY BRIAN STRUNK

Items not properly authorized through the purchasing system should not be approved for payment by the director. Section 5-21-115, *Tennessee Code Annotated*, states that "The director shall establish a system for making a careful preaudit of such invoice, purchase order, or other documents, including a comparison with any encumbrance document previously posted or filed authorizing such obligation, and shall approve for payment only such items as appear to be correct, properly authorized, and not exceeding the otherwise

unencumbered balance of the allotments or appropriations against which they are chargeable.”

MANAGEMENT’S RESPONSE – CURRENT DIRECTOR OF FINANCE, GINGER REYNOLDS

Currently meeting with elected officials and department heads that are not following the financial management policies on purchase orders. Each department is already making changes within their staff to follow the established procedures. The road department is receiving monthly blanket purchase orders to correct the problem within their department. The finance department will continue to work with each department within the county to correct this deficiency.

OFFICES OF DIRECTOR OF FINANCE AND DIRECTOR OF SCHOOLS

FINDING 2015-003

THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT IN UNASSIGNED FUND BALANCE AT JUNE 30, 2015

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The School Federal Projects Fund had a deficit in unassigned fund balance of \$33,926 at June 30, 2015. This deficit occurred because in prior years, School Department personnel had not requested the reimbursement of grant funds timely to cover project expenditures, and management failed to correct the finding noted in the prior-year audit report. Sound business practices dictate that expenditures should be held within available funds and requests for grant reimbursements should be made on a current basis.

RECOMMENDATION

Officials should liquidate the deficit in unassigned fund balance and should request reimbursements from grant funds on a current basis. Officials should ensure that adequate funding is provided to prevent the recurrence of a deficit.

MANAGEMENT’S RESPONSE – FORMER DIRECTOR OF FINANCE, BRIAN STRUNK

This has been a legacy issue that will now be resolved partially due to change of personnel within the School system. The Finance Department and the School system have now resolved this issue and with the new system, this should not be an issue going forward.

MANAGEMENT’S RESPONSE – CURRENT DIRECTOR OF FINANCE, GINGER REYNOLDS

The Director of Schools, Bill Hall, will be presenting the finding to the school board to approve a resolution to fund the federal funds through the general purchase fund to eliminate the deficit of \$33,926. A correction has already been implemented by the Finance

Department in FY 14-15 through the state e-plan program for the original error in FY 13-14.

OFFICE OF COUNTY MAYOR

FINDING 2015-004

AIRPORT EMPLOYEES DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION (Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we selected 25 receipts issued by the Scott County Airport between July 2014 and June 2015 to trace to deposits. We noted 12 instances where funds were held from four to 25 days before being deposited with the county Trustee's Office. This deficiency was the result of a lack of management oversight. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

All funds should be deposited with the county Trustee's Office within three days of collection as required by state statute.

OFFICE OF TRUSTEE

FINDING 2015-005

THE TRUSTEE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS (Noncompliance Under *Government Auditing Standards*)

The trustee did not require one depository holding county funds to pledge sufficient securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of the uninsured portion of such county funds. At June 30, 2015, deposits exceeding FDIC coverage in one depository totaled \$5,001,617, while corresponding securities pledged to secure these deposits totaled only \$5,141,368; \$110,329 short of the 105 percent required by the statute. This deficiency is the result of a lack of management oversight. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

The trustee should require all depositories to pledge sufficient securities to protect county funds exceeding FDIC coverage as required by state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

I have talked with the bank that did not have enough pledged. They did not pick up the last deposit that was deposited on June 30, 2015, until after July 1, 2015. They said they would look at that closer in the future and would not allow this to happen again. I will keep a closer look at the pledges and make sure that it doesn't happen again.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

FINDING 2015-006

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 Clerk and Master and Register of Deeds. Officials and employees responsible for maintaining accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This deficiency was the result of management's decision based on the availability of financial resources. Also, this deficiency is the result of management's failure 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 2015-007

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

The register of deeds should assign each employee their own cash drawer.

OFFICE OF SHERIFF

FINDING 2015-008

THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we selected all receipts for the registration of sex offenders between July 2014 and April 2015 to trace to deposits. We noted 17 instances where receipts were held from six to 26 days before being deposited in the office bank account. This deficiency was the result of a lack of management oversight. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

All funds should be deposited to the office bank account within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – SHERIFF

The Sheriff's office took immediate action when notified about this finding and all collections for the sex offenders registration are now deposited within three days.

**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, 2015

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