

ANNUAL FINANCIAL REPORT

SCOTT COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
SCOTT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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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, 2016

Scope

We have audited the basic financial statements of Scott County as of and for the year ended June 30, 2016.

Results

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

Our audit resulted in two 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:

OFFICE OF DIRECTOR OF FINANCE

- ◆ The office failed to make a scheduled principal payment on a capital outlay note.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

- ◆ Duties were not segregated adequately.
-

INTRODUCTORY SECTION

Scott County Officials

June 30, 2016

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
Ginger Reynolds, 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, 2016, 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 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 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, 2016, and the respective changes in financial position 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. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

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 89-96 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.

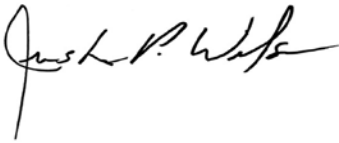
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the major debt service funds, combining and individual fund financial statements of the Scott County School Department (a discretely presented component unit), and miscellaneous 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 September 20, 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 vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 20, 2016

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Scott County, Tennessee
Statement of Net Position
June 30, 2016

	Primary Government Total Governmental Activities	Component Unit Scott County School Department
<u>ASSETS</u>		
Cash	\$ 1,300	\$ 6,304
Equity in Pooled Cash and Investments	3,848,997	8,792,215
Inventories	66,640	0
Accounts Receivable	933,257	29,608
Allowance for Uncollectibles	(676,786)	0
Travel Advances	200	0
Due from Other Governments	744,367	930,301
Due from Component Units	17,496	0
Property Taxes Receivable	5,550,966	2,291,101
Allowance for Uncollectible Property Taxes	(309,980)	(127,784)
Net Pension Asset - Agent Plan	407,301	235,636
Net Pension Asset - Teacher Plan	0	5,028
Capital Assets:		
Assets Not Depreciated:		
Land	1,964,885	910,561
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	12,667,574	17,147,981
Other Capital Assets	1,552,284	1,410,754
Infrastructure	3,155,257	6,555
Total Assets	<u>\$ 29,923,758</u>	<u>\$ 31,638,260</u>

(Continued)

Exhibit A

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

	Primary Government Total Governmental Activities	Component Unit Scott County School Department
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 0	\$ 95,012
Pension Changes in Investment Earnings	569,888	2,467,830
Pension Contributions after Measurement Date	407,020	1,234,875
Pension Other Deferrals	0	111,182
Total Deferred Outflows of Resources	<u>\$ 976,908</u>	<u>\$ 3,908,899</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 92,970	\$ 15,822
Accrued Payroll	93,031	2,547,460
Accrued Interest Payable	34,103	0
Payroll Deductions Payable	58,080	218,870
Due to State of Tennessee	10,668	4,456
Capital Outlay Notes Payable	100,000	0
Due to Primary Government	0	17,496
Other Current Liabilities	0	303,067
Noncurrent Liabilities:		
Due Within One Year	2,128,025	0
Due in More Than One Year (net of unamortized premium on debt)	31,611,317	3,676,420
Total Liabilities	<u>\$ 34,128,194</u>	<u>\$ 6,783,591</u>

(Continued)

Exhibit A

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

	Primary Government Total Governmental Activities	Component Unit Scott County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 4,966,140	\$ 2,050,184
Pension Changes in Experience	412,743	2,083,158
Pension Changes in Investment Earnings	753,524	3,338,018
Pension Other Deferrals	0	13,039
Total Deferred Inflows of Resources	<u>\$ 6,132,407</u>	<u>\$ 7,484,399</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 8,494,571	\$ 19,475,851
Restricted for:		
General Government	3,097	0
Administration of Justice	20,745	0
Public Safety	87,778	0
Public Health and Welfare	426,278	0
Social, Cultural, and Recreation	3,239	0
Highway/Public Works	284,608	0
Debt Service	337,073	0
Capital Projects	606,637	0
Other Purposes	423,750	0
Education	0	856,202
Unrestricted	<u>(20,047,711)</u>	<u>947,116</u>
Total Net Position	<u>\$ (9,359,935)</u>	<u>\$ 21,279,169</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, 2016

					Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
					Total Governmental Activities	Scott County School Department
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
Governmental Activities:						
General Government	\$ 2,641,623	\$ 397,976	\$ 138,095	\$ 0	\$ (2,105,552)	\$ 0
Finance	864,649	530,731	0	0	(333,918)	0
Administration of Justice	813,054	513,664	77,051	0	(222,339)	0
Public Safety	3,671,061	815,954	229,219	0	(2,625,888)	0
Public Health and Welfare	1,721,125	2,240,005	356,510	0	875,390	0
Social, Cultural, and Recreational Services	198,569	0	0	0	(198,569)	0
Agriculture and Natural Resources	39,678	0	0	0	(39,678)	0
Highways	1,985,814	0	2,004,538	181,057	199,781	0
Education	257,866				(257,866)	0
Interest on Long-term Debt	524,646	0	0	0	(524,646)	0
Total Governmental Activities	<u>\$ 12,718,085</u>	<u>\$ 4,498,330</u>	<u>\$ 2,805,413</u>	<u>\$ 181,057</u>	<u>\$ (5,233,285)</u>	<u>\$ 0</u>
Component Units:						
Scott County School Department	<u>\$ 24,022,017</u>	<u>\$ 215,467</u>	<u>\$ 4,166,721</u>	<u>\$ 251,266</u>	<u>\$ 0</u>	<u>\$ (19,388,563)</u>
Total Component Units	<u>\$ 24,022,017</u>	<u>\$ 215,467</u>	<u>\$ 4,166,721</u>	<u>\$ 251,266</u>	<u>\$ 0</u>	<u>\$ (19,388,563)</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	Component Unit
					Government Total Governmental Activities	Scott County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,109,949	\$ 1,798,775
Property Taxes Levied for General Debt Services					277,952	0
Property Taxes Levied for Rural Debt Service					718,862	0
Property Taxes Levied for Capital					266,659	0
Local Option Sales Taxes					366,860	1,390,552
Wheel Tax					571,602	0
Litigation Taxes					114,648	0
Business Taxes					143,195	0
Other Taxes					155,845	1,422
Grants and Contributions Not Restricted to Specific Programs					1,846,048	18,022,110
Unrestricted Investment Income					114,983	679
Miscellaneous					121,445	17,423
Total General Revenues					<u>\$ 7,808,048</u>	<u>\$ 21,230,961</u>
Change in Net Position					\$ 2,574,763	\$ 1,842,398
Net Position, July 1, 2015					<u>(11,934,698)</u>	<u>19,436,771</u>
Net Position, June 30, 2016					<u><u>\$ (9,359,935)</u></u>	<u><u>\$ 21,279,169</u></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, 2016

	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	818,684	280,236	298,721	1,188,830	180,875
Inventories	66,640	0	0	0	0
Accounts Receivable	61,433	861,664	315	9,131	0
Allowance for Uncollectibles	0	(676,786)	0	0	0
Due from Other Governments	424,836	0	309,234	0	8,333
Due from Other Funds	1,200	0	0	0	0
Due from Component Units	17,496	0	0	0	0
Property Taxes Receivable	4,012,250	0	0	345,884	846,948
Allowance for Uncollectible Property Taxes	(223,393)	0	0	(19,258)	(48,071)
Travel Advances	200	0	0	0	0
Total Assets	\$ 5,179,446	\$ 465,114	\$ 608,270	\$ 1,524,587	\$ 988,085
<u>LIABILITIES</u>					
Accounts Payable	\$ 68,607	\$ 17,393	\$ 5,989	\$ 0	\$ 0
Accrued Payroll	539	57,517	33,302	0	0
Payroll Deductions Payable	42,405	9,160	5,888	0	0
Due to Other Funds	0	0	0	0	0
Due to State of Tennessee	0	5,853	4,815	0	0
Capital Outlay Notes Payable	0	0	100,000	0	0
Total Liabilities	\$ 111,551	\$ 89,923	\$ 149,994	\$ 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	\$ 3,591,475	\$ 0	\$ 0	\$ 309,610	\$ 755,445
Deferred Delinquent Property Taxes	182,641	0	0	15,855	38,694
Other Deferred/Unavailable Revenue	35,770	84,442	154,617	0	0
Total Deferred Inflows of Resources	<u>\$ 3,809,886</u>	<u>\$ 84,442</u>	<u>\$ 154,617</u>	<u>\$ 325,465</u>	<u>\$ 794,139</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 66,640	\$ 0	\$ 0	\$ 0	\$ 0
Restricted:					
Restricted for General Government	3,097	0	0	0	0
Restricted for Administration of Justice	20,745	0	0	0	0
Restricted for Public Safety	22,629	0	0	0	0
Restricted for Public Health and Welfare	0	0	0	0	0
Restricted for Social, Cultural, and Recreational Services	3,239	0	0	0	0
Restricted for Highways/Public Works	0	0	129,991	0	0
Restricted for Debt Service	0	0	0	316,627	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	290,749	0	0	0
Committed for Other Operations	4,433	0	0	0	0
Committed for Highways/Public Works	0	0	173,668	0	0
Committed for Debt Service	0	0	0	882,495	193,946
Assigned:					
Assigned for Public Safety	30,255	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>					
Unassigned	\$ 1,064,824	\$ 0	\$ 0	\$ 0	\$ 0
Total Fund Balances	<u>\$ 1,258,009</u>	<u>\$ 290,749</u>	<u>\$ 303,659</u>	<u>\$ 1,199,122</u>	<u>\$ 193,946</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,179,446</u>	<u>\$ 465,114</u>	<u>\$ 608,270</u>	<u>\$ 1,524,587</u>	<u>\$ 988,085</u>

(Continued)

Exhibit C-1

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

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Inventories
 Accounts Receivable
 Allowance for Uncollectibles
 Due from Other Governments
 Due from Other Funds
 Due from Component Units
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Travel Advances

 Total Assets

LIABILITIES

Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Due to Other Funds
 Due to State of Tennessee
 Capital Outlay Notes Payable
 Total Liabilities

Nonmajor Funds		Other Govern- mental Funds	Total Governmental Funds
\$	1,200	\$	1,300
	1,081,651		3,848,997
	0		66,640
	714		933,257
	0		(676,786)
	1,964		744,367
	0		1,200
	0		17,496
	345,884		5,550,966
	(19,258)		(309,980)
	0		200
\$	1,412,155	\$	10,177,657

(Continued)

Exhibit C-1

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

Nonmajor Funds	
Other Govern- mental Funds	Total Governmental Funds

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 309,610	\$ 4,966,140
Deferred Delinquent Property Taxes	15,855	253,045
Other Deferred/Unavailable Revenue	0	274,829
Total Deferred Inflows of Resources	<u>\$ 325,465</u>	<u>\$ 5,494,014</u>

FUND BALANCES

Nonspendable:

Inventory	\$ 0	\$ 66,640
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Restricted:

Restricted for General Government	0	3,097
Restricted for Administration of Justice	0	20,745
Restricted for Public Safety	65,149	87,778
Restricted for Public Health and Welfare	426,278	426,278
Restricted for Social, Cultural, and Recreational Services	0	3,239
Restricted for Highways/Public Works	0	129,991
Restricted for Debt Service	0	316,627
Restricted for Capital Projects	590,782	590,782
Restricted for Other Purposes	0	16,449

Committed:

Committed for General Government	0	25,698
Committed for Public Health and Welfare	0	290,749
Committed for Other Operations	0	4,433
Committed for Highways/Public Works	0	173,668
Committed for Debt Service	0	1,076,441

Assigned:

Assigned for Public Safety	0	30,255
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(Continued)

Exhibit C-1

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES (Cont.)</u>			
Unassigned	\$ 0	\$ 1,064,824	
Total Fund Balances	\$ 1,082,209	\$ 4,327,694	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,412,155	\$ 10,177,657	

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

Exhibit C-2

Scott County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2016

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)		\$	4,327,694
(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		3,155,257	
Add: buildings and improvements net of accumulated depreciation		12,667,574	
Add: other capital assets net of accumulated depreciation		<u>1,552,284</u>	19,340,000
(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	\$	(518,509)	
Less: other loans payable		(21,234,539)	
Less: bonds payable		(9,390,000)	
Less: compensated absences payable		(226,712)	
Less: landfill postclosure care costs		(1,981,784)	
Less: other postemployment benefits liability		(239,468)	
Less: accrued interest on bonds, notes, and capital leases		(34,103)	
Less: unamortized premium on debt		<u>(148,330)</u>	(33,773,445)
(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	\$	976,908	
Less: deferred inflows of resources related to pensions		<u>(1,166,267)</u>	(189,359)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in governmental funds			407,301
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>527,874</u>
Net position (deficit) of governmental activities (Exhibit A)		\$	<u><u>(9,359,935)</u></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, 2016

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service
<u>Revenues</u>					
Local Taxes	\$ 4,390,872	\$ 0	\$ 235	\$ 880,701	\$ 896,883
Licenses and Permits	46,779	0	0	817	0
Fines, Forfeitures, and Penalties	158,714	0	0	0	0
Charges for Current Services	274,901	1,815,092	0	0	0
Other Local Revenues	438,223	15,584	20,998	151,034	0
Fees Received From County Officials	832,973	0	0	0	0
State of Tennessee	2,053,024	0	2,073,642	0	0
Federal Government	177,164	0	94,954	0	0
Other Governments and Citizens Groups	0	0	0	53,000	355,629
Total Revenues	\$ 8,372,650	\$ 1,830,676	\$ 2,189,829	\$ 1,085,552	\$ 1,252,512
<u>Expenditures</u>					
Current:					
General Government	\$ 1,149,797	\$ 0	\$ 0	\$ 0	\$ 0
Finance	884,959	0	0	0	0
Administration of Justice	820,935	0	0	0	0
Public Safety	3,457,020	0	0	0	0
Public Health and Welfare	303,783	1,752,247	0	0	0
Social, Cultural, and Recreational Services	126,577	0	0	0	0
Agriculture and Natural Resources	42,650	0	0	0	0
Other Operations	1,011,601	0	0	0	0
Highways	235	0	1,797,956	0	0
Debt Service:					
Principal on Debt	0	0	312,955	834,000	929,000
Interest on Debt	0	0	27,824	139,451	197,818
Other Debt Service	0	0	0	152,776	28,243

(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
Capital Projects - Donated	0	0	0	0	0
Total Expenditures	<u>\$ 7,797,557</u>	<u>\$ 1,752,247</u>	<u>\$ 2,138,735</u>	<u>\$ 1,126,227</u>	<u>\$ 1,155,061</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 575,093</u>	<u>\$ 78,429</u>	<u>\$ 51,094</u>	<u>\$ (40,675)</u>	<u>\$ 97,451</u>
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Insurance Recovery	24,576	0	0	0	0
Transfers In	5,000	0	0	37,840	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 29,576</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,840</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 604,669	\$ 78,429	\$ 51,094	\$ (2,835)	\$ 97,451
Fund Balance, July 1, 2015	<u>653,340</u>	<u>212,320</u>	<u>252,565</u>	<u>1,201,957</u>	<u>96,495</u>
Fund Balance, June 30, 2016	<u>\$ 1,258,009</u>	<u>\$ 290,749</u>	<u>\$ 303,659</u>	<u>\$ 1,199,122</u>	<u>\$ 193,946</u>

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Total Governmental Funds
	Other Govern- mental Funds		
<hr/>			
<u>Revenues</u>			
Local Taxes	\$ 298,859	\$	6,467,550
Licenses and Permits	0		47,596
Fines, Forfeitures, and Penalties	67,861		226,575
Charges for Current Services	204,513		2,294,506
Other Local Revenues	3,499		629,338
Fees Received From County Officials	0		832,973
State of Tennessee	125,691		4,252,357
Federal Government	0		272,118
Other Governments and Citizens Groups	0		408,629
Total Revenues	<u>\$ 700,423</u>	<u>\$</u>	<u>15,431,642</u>
<hr/>			
<u>Expenditures</u>			
Current:			
General Government	\$ 20,463	\$	1,170,260
Finance	7,787		892,746
Administration of Justice	15,225		836,160
Public Safety	157,602		3,614,622
Public Health and Welfare	281,359		2,337,389
Social, Cultural, and Recreational Services	0		126,577
Agriculture and Natural Resources	0		42,650
Other Operations	10,212		1,021,813
Highways	20,484		1,818,675
Debt Service:			
Principal on Debt	108,599		2,184,554
Interest on Debt	0		365,093
Other Debt Service	0		181,019

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Total Governmental Funds
	Other Govern- mental Funds		
<u>Expenditures (Cont.)</u>			
Capital Projects	\$ 1,080	\$	1,080
Capital Projects - Donated	257,866		257,866
Total Expenditures	<u>\$ 880,677</u>	<u>\$</u>	<u>14,850,504</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (180,254)</u>	<u>\$</u>	<u>581,138</u>
<u>Other Financing Sources (Uses)</u>			
Notes Issued	\$ 288,000	\$	288,000
Insurance Recovery	0		24,576
Transfers In	0		42,840
Transfers Out	(42,840)		(42,840)
Total Other Financing Sources (Uses)	<u>\$ 245,160</u>	<u>\$</u>	<u>312,576</u>
Net Change in Fund Balances	\$ 64,906	\$	893,714
Fund Balance, July 1, 2015	<u>1,017,303</u>		<u>3,433,980</u>
Fund Balance, June 30, 2016	<u><u>\$ 1,082,209</u></u>	<u><u>\$</u></u>	<u><u>4,327,694</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, 2016

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)		\$	893,714
(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	\$	252,108	
Less: current-year depreciation expense		(1,100,299)	(848,191)
(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			(43,724)
(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, 2016	\$	527,874	
Less: deferred delinquent property taxes and other deferred June 30, 2015		(691,244)	(163,370)
(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		600,955	
Add: principal payments on other loans		953,599	
Add: principal payments on bonds		630,000	
Less: note, bond, other loan, or capital lease proceeds		(288,000)	1,913,584
(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	\$	4,436	
Change in compensated absences payable		(26,615)	
Change in net pension liability/asset		(162,506)	
Change in deferred outflows related to pensions		575,073	
Change in deferred inflows related to pensions		(102,081)	
Change in other postemployment benefits liability		(39,570)	
Change in landfill postclosure care costs		574,013	822,750
Change in net position of governmental activities (Exhibit B)		\$	<u>2,574,763</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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,390,872	\$ 0	\$ 4,390,872	\$ 4,217,520	\$ 4,240,416	\$ 150,456
Licenses and Permits	46,779	0	46,779	26,950	26,950	19,829
Fines, Forfeitures, and Penalties	158,714	0	158,714	146,425	146,425	12,289
Charges for Current Services	274,901	0	274,901	335,000	335,000	(60,099)
Other Local Revenues	438,223	0	438,223	436,500	436,500	1,723
Fees Received From County Officials	832,973	0	832,973	839,000	864,700	(31,727)
State of Tennessee	2,053,024	0	2,053,024	1,970,164	1,997,455	55,569
Federal Government	177,164	0	177,164	66,000	225,823	(48,659)
Total Revenues	\$ 8,372,650	\$ 0	\$ 8,372,650	\$ 8,037,559	\$ 8,273,269	\$ 99,381
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 157,730	\$ 0	\$ 157,730	\$ 178,527	\$ 179,694	\$ 21,964
County Mayor/Executive	160,151	0	160,151	165,516	166,216	6,065
County Attorney	57,276	0	57,276	56,987	57,440	164
Election Commission	192,145	0	192,145	227,685	221,875	29,730
Register of Deeds	148,324	0	148,324	159,383	159,383	11,059
County Buildings	434,171	0	434,171	463,505	455,390	21,219
<u>Finance</u>						
Accounting and Budgeting	283,972	0	283,972	293,162	293,162	9,190
Property Assessor's Office	216,673	0	216,673	212,777	218,142	1,469
County Trustee's Office	159,392	0	159,392	168,276	163,276	3,884
County Clerk's Office	224,922	0	224,922	236,401	236,401	11,479
<u>Administration of Justice</u>						
Circuit Court	268,678	0	268,678	285,517	285,517	16,839
General Sessions Court	355,032	0	355,032	328,931	378,142	23,110

(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 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Administration of Justice (Cont.)</u>						
Chancery Court	\$ 143,749	\$ 0	\$ 143,749	\$ 147,985	\$ 147,985	\$ 4,236
District Attorney General	41,476	0	41,476	40,000	50,535	9,059
Office of Public Defender	12,000	0	12,000	12,000	12,000	0
<u>Public Safety</u>						
Sheriff's Department	1,582,464	0	1,582,464	1,618,007	1,644,330	61,866
Administration of the Sexual Offender Registry	3,001	0	3,001	0	3,000	(1)
Jail	1,565,631	(2,749)	1,562,882	1,525,729	1,581,679	18,797
Juvenile Services	244,299	(546)	243,753	251,022	251,022	7,269
Fire Prevention and Control	2,000	0	2,000	2,000	2,000	0
Civil Defense	51,505	0	51,505	48,384	54,435	2,930
Rescue Squad	8,000	0	8,000	8,000	8,000	0
County Coroner/Medical Examiner	120	0	120	0	120	0
<u>Public Health and Welfare</u>						
Local Health Center	82,419	0	82,419	61,058	91,058	8,639
Other Local Health Services	220,952	0	220,952	229,700	247,850	26,898
General Welfare Assistance	412	0	412	2,250	2,250	1,838
Other Local Welfare Services	0	0	0	244	244	244
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	76,233	0	76,233	78,225	78,225	1,992
Libraries	50,344	0	50,344	52,825	52,825	2,481
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	42,650	0	42,650	42,651	42,651	1
<u>Other Operations</u>						
Tourism	69,548	0	69,548	65,750	70,014	466
Airport	233,828	0	233,828	302,105	300,696	66,868

(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 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Other Operations (Cont.)</u>						
Veterans' Services	\$ 45,893	\$ 0	\$ 45,893	\$ 46,948	\$ 46,948	\$ 1,055
Contributions to Other Agencies	67,696	0	67,696	45,000	67,896	200
Miscellaneous	594,636	0	594,636	552,550	601,985	7,349
<u>Highways</u>						
Highway and Bridge Maintenance	235	0	235	235	235	0
Total Expenditures	<u>\$ 7,797,557</u>	<u>\$ (3,295)</u>	<u>\$ 7,794,262</u>	<u>\$ 7,909,335</u>	<u>\$ 8,172,621</u>	<u>\$ 378,359</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>\$ 575,093</u>	<u>\$ 3,295</u>	<u>\$ 578,388</u>	<u>\$ 128,224</u>	<u>\$ 100,648</u>	<u>\$ 477,740</u>
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 24,576	\$ 0	\$ 24,576	\$ 0	\$ 24,576	\$ 0
Transfers In	5,000	0	5,000	0	0	5,000
Total Other Financing Sources	<u>\$ 29,576</u>	<u>\$ 0</u>	<u>\$ 29,576</u>	<u>\$ 0</u>	<u>\$ 24,576</u>	<u>\$ 5,000</u>
Net Change in Fund Balance						
Fund Balance, July 1, 2015	<u>\$ 604,669</u>	<u>\$ 3,295</u>	<u>\$ 607,964</u>	<u>\$ 128,224</u>	<u>\$ 125,224</u>	<u>\$ 482,740</u>
	653,340	(3,295)	650,045	842,859	842,859	(192,814)
Fund Balance, June 30, 2016						
	<u>\$ 1,258,009</u>	<u>\$ 0</u>	<u>\$ 1,258,009</u>	<u>\$ 971,083</u>	<u>\$ 968,083</u>	<u>\$ 289,926</u>

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 and Budget
Ambulance Service Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,815,092	\$ 1,980,075	\$ 1,980,075	\$ (164,983)
Other Local Revenues	15,584	10,000	10,000	5,584
Total Revenues	<u>\$ 1,830,676</u>	<u>\$ 1,990,075</u>	<u>\$ 1,990,075</u>	<u>\$ (159,399)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,752,247	\$ 1,990,075	\$ 2,006,012	\$ 253,765
Total Expenditures	<u>\$ 1,752,247</u>	<u>\$ 1,990,075</u>	<u>\$ 2,006,012</u>	<u>\$ 253,765</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 78,429</u>	<u>\$ 0</u>	<u>\$ (15,937)</u>	<u>\$ 94,366</u>
Net Change in Fund Balance	\$ 78,429	\$ 0	\$ (15,937)	\$ 94,366
Fund Balance, July 1, 2015	<u>212,320</u>	<u>102,443</u>	<u>102,443</u>	<u>109,877</u>
Fund Balance, June 30, 2016	<u>\$ 290,749</u>	<u>\$ 102,443</u>	<u>\$ 86,506</u>	<u>\$ 204,243</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 235	\$ 235	\$ 235	\$ 0
Other Local Revenues	20,998	18,295	34,598	(13,600)
State of Tennessee	2,073,642	2,513,546	2,524,098	(450,456)
Federal Government	94,954	0	0	94,954
Total Revenues	\$ 2,189,829	\$ 2,532,076	\$ 2,558,931	\$ (369,102)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 128,571	\$ 117,763	\$ 129,913	\$ 1,342
Highway and Bridge Maintenance	954,000	968,166	1,049,166	95,166
Operation and Maintenance of Equipment	353,634	305,957	415,807	62,173
Other Charges	77,952	66,000	87,100	9,148
Employee Benefits	119,344	121,300	116,756	(2,588)
Capital Outlay	164,455	300,000	306,005	141,550
<u>Principal on Debt</u>				
Highways and Streets	312,955	632,402	427,696	114,741
<u>Interest on Debt</u>				
General Government	0	20,487	0	0
Highways and Streets	27,824	0	26,487	(1,337)
Total Expenditures	\$ 2,138,735	\$ 2,532,075	\$ 2,558,930	\$ 420,195
Excess (Deficiency) of Revenues Over Expenditures	\$ 51,094	\$ 1	\$ 1	\$ 51,093
Net Change in Fund Balance	\$ 51,094	\$ 1	\$ 1	\$ 51,093
Fund Balance, July 1, 2015	252,565	118,000	118,000	134,565
Fund Balance, June 30, 2016	\$ 303,659	\$ 118,001	\$ 118,001	\$ 185,658

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

Exhibit D

Scott County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 684,000
Equity in Pooled Cash and Investments	272,150
Accounts Receivable	4,732
Due from Other Governments	375,204
Property Taxes Receivable	1,625,333
Allowance for Uncollectible Taxes	<u>(86,817)</u>
Total Assets	<u><u>\$ 2,874,602</u></u>
<u>LIABILITIES</u>	
Payroll Deductions Payable	\$ 1,288
Due to Other Taxing Units	1,972,853
Due to Litigants, Heirs, and Others	684,657
Due to Joint Ventures	<u>215,804</u>
Total Liabilities	<u><u>\$ 2,874,602</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, 2016

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. Although required by GAAP, the financial statements of the Scott County Emergency Communications District, a component unit requiring discrete presentation discussed below, was excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. 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 financial statements of the Scott County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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. Scott County issued \$288,000 of Capital Outlay Notes for school purposes during the year ended June 30, 2016.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds 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.

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).

Additionally, Scott County reports the following fund types:

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

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

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

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

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

Special Revenue Funds – These funds account for 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

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 three 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. These items are for pension changes in experience, pension changes in investment earnings, employer contributions made to the pension plan after the measurement date, and pension-other deferrals.

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.K. 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 (\$407,301) and a portion of the balance in “Restricted for Education” for the discretely presented School Department (\$240,664) are attributable to Net Pension Assets.

As of June 30, 2016, Scott County had \$20,324,401 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 makes assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the discretely presented School Department's General Purpose School Fund represents amounts assigned for encumbrances (\$517,545) and amounts appropriated for use in the FY17 budget (\$10,000).

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.

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 I-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 I-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.

At June 30, 2016 Scott County School Department reported the following significant encumbrances:

Funds	Description	Amount
School Department:		
Major Fund:		
General Purpose School	Bus Garage Construction	\$ 517,545

B. 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:	
Highway/Public Works:	
Highways:	
Employee Benefits	\$ 2,588
Interest on Debt:	
Highways and Streets	1,337
General Capital Projects:	
Highways:	
Capital Outlay	470

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, 2016.

B. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Primary Government - Governmental Activities

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
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	\$ 19,259,749	\$ 0	\$ 0	\$ 19,259,749
Infrastructure	3,924,049	0	0	3,924,049
Other Capital Assets	5,468,609	252,108	(115,626)	5,605,091
Total Capital Assets Depreciated	\$ 28,652,407	\$ 252,108	\$ (115,626)	\$ 28,788,889
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,124,157	\$ 468,018	\$ 0	\$ 6,592,175
Infrastructure	629,449	139,343	0	768,792
Other Capital Assets	3,631,771	492,938	(71,902)	4,052,807
Total Accumulated Depreciation	\$ 10,385,377	\$ 1,100,299	\$ (71,902)	\$ 11,413,774
Total Capital Assets Depreciated, Net	\$ 18,267,030	\$ (848,191)	\$ (43,724)	\$ 17,375,115
Governmental Activities Capital Assets, Net	\$ 20,231,915	\$ (848,191)	\$ (43,724)	\$ 19,340,000

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

Governmental Activities:

General Government	\$ 438,240
Finance	4,116
Administration of Justice	2,714
Public Safety	275,748
Public Health and Welfare	107,207
Social, Cultural, and Recreational Services	73,095
Highways	199,179
Total Depreciation Expense - Governmental Activities	<u>\$ 1,100,299</u>

Capital assets activity for the year ended June 30, 2016, was as follows:

**Discretely Presented Scott County School Department -
Governmental Activities:**

	Balance 7-1-15	Increases	Balance 6-30-16
Capital Assets Not Depreciated:			
Land	\$ 910,561	\$ 0	\$ 910,561
Total Capital Assets Not Depreciated	<u>\$ 910,561</u>	<u>\$ 0</u>	<u>\$ 910,561</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 28,970,079	\$ 178,348	\$ 29,148,427
Infrastructure	0	6,900	6,900
Other Capital Assets	5,118,037	466,997	5,585,034
Total Capital Assets Depreciated	<u>\$ 34,088,116</u>	<u>\$ 652,245</u>	<u>\$ 34,740,361</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 11,285,519	\$ 714,927	\$ 12,000,446
Infrastructure	0	345	345
Other Capital Assets	3,927,556	246,724	4,174,280
Total Accumulated Depreciation	<u>\$ 15,213,075</u>	<u>\$ 961,996</u>	<u>\$ 16,175,071</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,875,041</u>	<u>\$ (309,751)</u>	<u>\$ 18,565,290</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,785,602</u>	<u>\$ (309,751)</u>	<u>\$ 19,475,851</u>

There were no decreases in capital assets to report during the year ended June 30, 2016.

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

Governmental Activities:

Instruction	\$ 7,923
Support Services	873,507
Operation of Non-instructional Services	<u>80,566</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 961,996</u>

C. Construction Commitments

At June 30, 2016, the Scott County School Department had uncompleted construction contracts of approximately \$517,545 for the construction of a bus garage. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit:	
General	School Department:	
	General Purpose School	\$ 17,496

Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>General Fund</u>	<u>General Debt Service Fund</u>
Nonmajor governmental funds	\$ 5,000	\$ 37,840
Total	<u>\$ 5,000</u>	<u>\$ 37,840</u>

Discretely Presented Scott County School Department

	<u>Transfer In</u>
	General
	Purpose
	School
<u>Transfer Out</u>	<u>Fund</u>
Nonmajor governmental funds	\$ 27,000

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 \$108,452 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 will be retired from the

Highway/Public Works Fund. All 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, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	3 to 4.5 %	6-1-28	\$ 1,250,000	\$ 970,000
General Obligation Bonds - Refunding	2 to 3.4	6-1-35	9,610,000	8,420,000
Capital Outlay Notes	2.94 to 4.99	10-15-18	2,122,205	518,509
Other Loans	Variable	5-25-35	27,594,938	21,234,539

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, 2016:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-16	Interest Type	Interest Rates as of 6-30-16	Other Fees on Variable Rate Debt
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Montgomery County Public Building Authority

Building and Equipment	\$ 1,000,000	\$ 307,200	Variable	0.46%	1.10%
Various School Projects	3,000,000	1,315,000	Variable	0.42	0.81
Justice Center	9,654,938	(1) 7,767,938	Variable	0.42	0.69

City of Clarksville Public Building Authority

School Renovations and Improvements	13,940,000	(2) <u>11,844,401</u>	Variable	0.46	0.68
Total		<u>\$ 21,234,539</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.
- (2) Unused proceeds in the amount of \$108,599 were released and applied to the outstanding principal during the current year.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2016, including interest and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2022-2026	3,850,000	774,788	4,624,788
2027-2031	2,380,000	175,568	2,555,568
2032-3035	145,000	12,580	157,580
Total	\$ 9,390,000	\$ 2,126,241	\$ 11,516,241

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 343,511	\$ 15,358	\$ 358,869
2018	144,445	4,609	149,054
2019	30,553	1,002	31,555
Total	\$ 518,509	\$ 20,969	\$ 539,478

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 883,600	\$ 94,545	\$ 149,313	\$ 1,127,458
2018	924,400	90,656	142,806	1,157,862
2019	967,300	86,586	136,001	1,189,887
2020	1,013,400	82,325	128,883	1,224,608
2021	1,059,500	77,863	121,427	1,258,790
2022-2026	5,039,000	320,895	496,190	5,856,085
2027-2031	5,914,000	204,695	315,601	6,434,296
2032-3035	5,433,339	59,880	91,816	5,585,035
Total	<u>\$ 21,234,539</u>	<u>\$ 1,017,445</u>	<u>\$ 1,582,037</u>	<u>\$ 23,834,021</u>

There is \$1,393,068 available in the debt service funds to service long-term debt. Debt per capita, including notes, bonds, and other loans totaled \$1,020 for residents living inside the Oneida Special School District and \$1,479 for residents living outside the Oneida Special School District, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

Governmental Activities:	Other		
	Bonds	Notes	Loans
Balance, July 1, 2015	\$ 10,020,000	\$ 831,464	\$ 22,188,138
Additions	0	288,000	0
Reductions	(630,000)	(600,955)	(953,599)
Balance, June 30, 2016	<u>\$ 9,390,000</u>	<u>\$ 518,509</u>	<u>\$ 21,234,539</u>
Balance Due Within One Year	<u>\$ 640,000</u>	<u>\$ 343,511</u>	<u>\$ 883,600</u>

	Compensated Absences
Balance, July 1, 2015	\$ 200,097
Additions	222,187
Reductions	(195,572)
Balance, June 30, 2016	<u>\$ 226,712</u>
Balance Due Within One Year	<u>\$ 181,369</u>

	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2015	\$ 2,555,797	\$ 199,898
Additions	0	41,970
Reductions	(574,013)	(2,400)
	<hr/>	<hr/>
Balance, June 30, 2016	\$ 1,981,784	\$ 239,468
	<hr/>	<hr/>
Balance Due Within One Year	\$ 79,545	\$ 0
	<hr/>	<hr/>

Reductions to long-term notes include \$100,000 for note principal, which was due during the year but was not paid until after June 30, 2016. That delinquent principal requirement is reflected as a current liability of the Highway/Public Works Fund at June 30, 2016.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 33,591,012
Less: Balance Due Within One Year	(2,128,025)
Add: Unamortized Premium on Debt	<hr/> 148,330
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<hr/> \$ 31,611,317

During the year, the discretely presented Scott County School Department contributed \$355,629 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, 2016, was as follows:

Governmental Activities:	<div> <div>Net Pension Liability - Teacher Legacy Pension Plan*</div> <div>Other Postemployment Benefits</div> </div>	
Balance, July 1, 2015	\$ (45,273)	\$ 3,171,219
Additions	4,008,065	576,522
Reductions	(3,844,405)	(189,708)
Balance, June 30, 2016	<u>\$ 118,387</u>	<u>\$ 3,558,033</u>

* - At July 1, 2015, the teacher legacy pension plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 3,676,420
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,676,420</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 \$490,744 and \$571,602, respectively. Restricted fund balance in the General Debt Service Fund (\$316,627) 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

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Scott County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2016, were \$3,675. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Scott County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Scott County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2016, were \$52,000 and \$22,400, 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, 2016, was as follows:

	Balance			Balance
	7-1-15	Issued	Paid	6-30-16
Primary Government:				
From General Debt Service				
Fund to General Fund	\$ 0	\$ 337,000	\$ (337,000)	\$ 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. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes

criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Subsequent Events

On August 31, 2016, the county's General Debt Service Fund issued a \$300,000 tax anticipation note to the General Fund for temporary operating funds.

On August 31, 2016, Steve Thompson left the Office of Assessor of Property and was succeeded by Anthony Sexton.

D. Contingent Liabilities

In prior years, Scott County contracted for internet services, through a consortium of school districts. These services were partially funded by the Federal Communications Commission's (FCC's) E-rate program. The competitive bidding process used to award the contract for services through certain of these consortiums has been questioned by the FCC, and federal funding for these contracts has been denied. During the 2012-2013 fiscal year, the vendor providing the services, Education Networks of America (ENA), continued to provide the contracted services to the Scott County Schools without receiving full payment. A lawsuit has been filed regarding the funding denial, and final determination is pending. If the outcome is unfavorable, Scott County is responsible for their balance due to ENA under the 2012-2013 Metro Nashville Public Schools consortium contract totaling \$111,900.60.

The county is involved in other 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 November 27, 2015, Brian Strunk resigned as finance director. Ginger Reynolds served as interim finance director and was appointed director effective December 21, 2015.

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 \$1,981,784 reported as postclosure care liability at June 30, 2016, represents amounts based on what it would cost to perform all postclosure care in 2016. 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, 2016, 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, 2016.

I. Retirement Commitments

1. 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 comprised 63.35 percent, the non-certified employees of the discretely presented School Department comprised 36.65 percent of the plan based on contribution 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, 2015, 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	384
Active Employees	372
Total	<hr/> <hr/> 971

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 their 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, the Actuarial Determined Contribution (ADC) for Scott County was \$627,706 based on a rate of 6.85 percent of covered 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 ADC 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, 2015, 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, 2015, 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, 2015, 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			100	%

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, 2014	\$ 24,257,773	\$ 25,474,529	\$ (1,216,756)
Changes for the year:			
Service Cost	\$ 761,122	\$ 0	\$ 761,122
Interest	1,833,841	0	1,833,841
Differences Between Expected and Actual Experience	(170,820)	0	(170,820)
Contributions-Employer	0	627,706	(627,706)
Contributions-Employees	0	458,184	(458,184)
Net Investment Income	0	783,535	(783,535)
Benefit Payments, Including Refunds of Employee Contributions	(1,135,369)	(1,135,369)	0
Administrative Expense	0	(19,101)	19,101
Other Changes	0	0	0
Net Changes	\$ 1,288,774	\$ 714,955	\$ 573,819
Balance, June 30, 2015	\$ 25,546,547	\$ 26,189,484	\$ (642,937)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	63.35%	\$ 16,183,738	\$ 16,591,038	\$ (407,301)
School Department	36.65%	9,362,809	9,598,446	(235,636)
Total		\$ 25,546,547	\$ 26,189,484	\$ (642,937)

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

Net Pension Liability \$ 2,659,394 \$ (642,937) \$ (3,368,003)

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

Pension Expense. For the year ended June 30, 2016, Scott County recognized negative pension expense of \$129,517.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 0	\$ 651,528
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	899,586	1,189,462
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	640,604	N/A
Total	<u>\$ 1,540,190</u>	<u>\$ 1,840,990</u>

1. The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” 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	\$ 976,908	\$ 1,166,267
School Department	563,282	674,723
Total	<u>\$ 1,540,190</u>	<u>\$ 1,840,990</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
2017	\$ (377,379)
2018	(377,379)
2019	(377,379)
2020	190,733
2021	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 63.35 percent, the non-certified employees of the discretely presented School Department comprise 36.65 percent of the plan based on contribution 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 with an unreduced benefit 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. 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 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. 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, 2016, to the Teacher Retirement Plan were \$26,560, which is four percent of covered 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 (Assets). At June 30, 2016, the Scott County School Department reported an asset of \$5,028 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Scott County School Department's proportion of the net pension asset was based on the Scott County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Scott County School Department's proportion was .124958 percent.

Pension Expense. For the year ended June 30, 2016, the Scott County School Department recognized pension expense of \$6,588.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 0	\$ 1,636
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	406	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	26,560	N/A
Total	<u>\$ 26,966</u>	<u>\$ 1,636</u>

The Scott County School Department's employer contributions of \$26,560, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2017. 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
2017	\$ (35)
2018	(35)
2019	(35)
2020	(35)
2021	(136)
Thereafter	(954)

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, 2015, 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, 2015, 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	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
Total		100

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 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 the 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 the 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	\$	891	\$	(5,028)	\$	(9,368)
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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.

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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs 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 are required to contribute five percent of their salaries. 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 LEA if the required employer contributions are not remitted. Employer contributions by the Scott County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$974,731, which is 9.04 percent of covered 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 Liability (Assets). At June 30, 2016, the Scott County School Department reported a liability of \$118,387 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Scott County School Department's proportion of the net pension liability (asset) was based on the Scott County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Scott County School Department's proportion was .289010 percent. The proportion measured at June 30, 2014, was .278613 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Scott County School Department recognized negative pension expense of \$80,322.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 95,012	\$ 1,842,736
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,137,726	2,902,080
Changes in Proportion of Net Pension Liability (Asset)	111,182	13,039
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	974,731	N/A
Total	<u>\$ 3,318,651</u>	<u>\$ 4,757,855</u>

The Scott County School Department's employer contributions of \$974,731 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2017. 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
2017	\$ (762,845)
2018	(762,845)
2019	(762,845)
2020	204,516
2021	(329,916)
Thereafter	0

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, 2015, 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 adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, 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	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	
Total			100	%

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 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 the 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 the 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 \$ 8,071,333 \$ 118,387 \$ (6,465,712)

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 \$33,186 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, 2016.

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>. Participation in the School Department's Local Education Group Plan is closed to retirees whose first employment commenced on or after July 1, 2015.

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. During the year ended June 30, 2016, the discretely presented Scott County School Department contributed \$189,708 for post-employment benefits, and the primary government contributed \$2,400.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan			Medicare Supplement Plan	
				Primary Government	School Department
ARC	\$	493,000	\$	42,000	\$ 84,000
Interest on the NOPEBO		100,841		7,496	18,080
Adjustment to the ARC		(101,246)		(7,526)	(18,153)
Annual OPEB cost	\$	492,595	\$	41,970	\$ 83,927
Amount of contribution		(184,308)		(2,400)	(5,400)
Increase/decrease in NOPEBO	\$	308,287	\$	39,570	\$ 78,527
Net OPEB obligation, 7-1-15		2,689,098		199,898	482,121
Net OPEB obligation, 6-30-16	\$	2,997,385	\$	239,468	\$ 560,648

Fiscal Year Ended	Plans		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$	429,249	47	% \$	2,412,236
6-30-15	"		444,458	38		2,689,098
6-30-16	"		492,595	37		2,997,385
6-30-14	Medicare Supplement- Primary Government		13,117	19		188,154
6-30-15	"		14,194	17		199,898
6-30-16	"		41,970	6		239,468
6-30-14	Medicare Supplement- School Department		70,360	7		414,868
6-30-15	"		72,428	7		482,121
6-30-16	"		83,927	6		560,648

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan	Medicare Supplement Plan	
		Primary Government	School Department
Actuarial valuation date	7-1-15	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 4,283,000	\$ 416,000	\$ 1,183,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,283,000	\$ 416,000	\$ 1,183,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 14,692,038	\$ N/A	\$ N/A
UAAL as a % of covered payroll	29%	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, 2015, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. The annual health care cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2016 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. Payroll is assumed to grow at a rate of three percent.

K. Termination Benefits

The Scott County Board of Education adopted a policy to pay certified employees \$65 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, 2016. Payments totaling \$12,773 were paid to individuals who retired during the year ending June 30, 2016.

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.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-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

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 707,578	\$ 761,122
Interest	1,788,261	1,833,841
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(858,120)	(170,820)
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,031,694)	(1,135,369)
Net Change in Total Pension Liability (Asset)	\$ 606,025	\$ 1,288,774
Total Pension Liability (Asset), Beginning	23,651,748	24,257,773
Total Pension Liability (Asset), Ending (a)	<u>\$ 24,257,773</u>	<u>\$ 25,546,547</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 599,915	\$ 627,706
Contributions - Employee	437,771	458,184
Net Investment Income	3,621,707	783,535
Benefit Payments, Including Refunds of Employee Contributions	(1,031,694)	(1,135,369)
Administrative Expense	(14,181)	(19,101)
Net Change in Plan Fiduciary Net Position	\$ 3,613,518	\$ 714,955
Plan Fiduciary Net Position, Beginning	21,861,011	25,474,529
Plan Fiduciary Net Position, Ending (b)	<u>\$ 25,474,529</u>	<u>\$ 26,189,484</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (1,216,756)</u>	<u>\$ (642,937)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.02%	102.52%
Covered Employee Payroll	\$ 8,783,504	\$ 9,163,587
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(13.85%)	(7.02%)

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

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

Exhibit E-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	2016
Actuarially Determined Contribution	\$ 599,915	\$ 627,706	\$ 640,604
Less Contributions in Relation to the Actuarially Determined Contribution	(599,915)	(627,706)	(640,604)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 8,783,504	\$ 9,163,587	\$ 9,354,933
Contributions as a Percentage of Covered Employee Payroll	6.83%	6.85%	6.85%

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 E-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

	2015	2016
Contractually Determined Contribution	\$ 6,491	\$ 16,593
Less Contributions in Relation to the		
Actuarially Determined Contribution	(10,385)	(26,560)
Contribution Deficiency (Excess)	<u>\$ (3,894)</u>	<u>\$ (9,967)</u>
Covered Employee Payroll	\$ 259,629	\$ 663,710
Contributions as a Percentage of		
Covered Employee Payroll	4.00%	4.00%

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

Exhibit E-4

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>2016</u>
School Department's Proportion of the Net Pension Asset	0.124958%
School Department's Proportionate Share of the Net Pension Asset	\$ (5,028)
Covered Payroll	\$ 259,629
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

* 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 E-5

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	2016
Contractually Determined Contribution	\$ 971,075	\$ 978,048	\$ 974,731
Less Contributions in Relation to the Actuarially Determined Contribution	(971,075)	(978,048)	(974,731)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 10,935,526	\$ 10,819,137	\$ 10,782,415
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%	9.04%

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

Exhibit E-6

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>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.278613%	0.289010%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (45,273)	\$ 118,387
Covered Employee Payroll	\$ 10,935,526	\$ 10,819,137
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

* 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 E-7

Scott County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Scott County School Department
June 30, 2016

(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	7-1-11	\$ 0	\$ 384	\$ 384	0	% \$ N/A	N/A %
"	7-1-13	0	157	157	0	N/A	N/A
"	7-1-15	0	416	416	0	N/A	N/A
<u>DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-11	0	4,944	4,944	0	10,064	49
"	7-1-13	0	3,849	3,849	0	10,287	37
"	7-1-15	0	4,283	4,283	0	14,692	29
Medicare Supplement	7-1-11	0	960	960	0	N/A	N/A
"	7-1-13	0	1,019	1,019	0	N/A	N/A
"	7-1-15	0	1,183	1,183	0	N/A	N/A

SCOTT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 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 F-1

Scott County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	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	427,595	65,149	0	492,744	281,249
Accounts Receivable	0	0	0	0	714
Due from Other Governments	1,964	0	0	1,964	0
Property Taxes Receivable	0	0	0	0	345,884
Allowance for Uncollectible Property Taxes	0	0	0	0	(19,258)
Total Assets	<u>\$ 429,559</u>	<u>\$ 65,149</u>	<u>\$ 1,200</u>	<u>\$ 495,908</u>	<u>\$ 608,589</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 981	\$ 0	\$ 0	\$ 981	\$ 0
Accrued Payroll	1,673	0	0	1,673	0
Payroll Deductions Payable	627	0	0	627	0
Due to Other Funds	0	0	1,200	1,200	0
Total Liabilities	<u>\$ 3,281</u>	<u>\$ 0</u>	<u>\$ 1,200</u>	<u>\$ 4,481</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 309,610
Deferred Delinquent Property Taxes	0	0	0	0	15,855
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 325,465</u>

(Continued)

Exhibit F-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	\$ 65,149	\$ 0	\$ 65,149	\$ 0
Restricted for Public Health and Welfare	426,278	0	0	426,278	0
Restricted for Capital Projects	0	0	0	0	283,124
Total Fund Balances	<u>\$ 426,278</u>	<u>\$ 65,149</u>	<u>\$ 0</u>	<u>\$ 491,427</u>	<u>\$ 283,124</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 429,559</u>	<u>\$ 65,149</u>	<u>\$ 1,200</u>	<u>\$ 495,908</u>	<u>\$ 608,589</u>

(Continued)

Exhibit F-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

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
\$ 0	\$ 0	\$ 1,200
307,658	588,907	1,081,651
0	714	714
0	0	1,964
0	345,884	345,884
0	(19,258)	(19,258)
<hr/>		
\$ 307,658	\$ 916,247	\$ 1,412,155
<hr/>		
\$ 0	\$ 0	\$ 981
0	0	1,673
0	0	627
0	0	1,200
<hr/>		
\$ 0	\$ 0	\$ 4,481
<hr/>		
\$ 0	\$ 309,610	\$ 309,610
0	15,855	15,855
<hr/>		
\$ 0	\$ 325,465	\$ 325,465
<hr/>		

(Continued)

Exhibit F-1

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

FUND BALANCES

Restricted:

 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Capital Projects
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
<hr/>		
\$	0	\$ 65,149
	0	426,278
307,658	590,782	590,782
<hr/>		
\$ 307,658	\$ 590,782	\$ 1,082,209
<hr/>		
\$ 307,658	\$ 916,247	\$ 1,412,155
<hr/>		

Exhibit F-2

Scott County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	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	298,859
Fines, Forfeitures, and Penalties	0	67,861	0	67,861	0
Charges for Current Services	203,493	0	1,020	204,513	0
Other Local Revenues	3,078	0	0	3,078	0
State of Tennessee	75,691	0	0	75,691	50,000
Total Revenues	\$ 282,262	\$ 67,861	\$ 1,020	\$ 351,143	\$ 348,859
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	20,463
Finance	0	0	0	0	7,787
Administration of Justice	0	0	1,020	1,020	14,205
Public Safety	0	77,602	0	77,602	80,000
Public Health and Welfare	187,470	0	0	187,470	93,889
Other Operations	0	0	0	0	10,212
Highways	14,514	0	0	14,514	5,970
Debt Service:					
Principal on Debt	0	0	0	0	0
Capital Projects	0	0	0	0	1,080
Capital Projects - Donated	0	0	0	0	0
Total Expenditures	\$ 201,984	\$ 77,602	\$ 1,020	\$ 280,606	\$ 233,606

(Continued)

Exhibit F-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
Excess (Deficiency) of Revenues Over Expenditures	\$ 80,278	\$ (9,741)	\$ 0	\$ 70,537	\$ 115,253
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	0	(5,000)	0	(5,000)	0
Total Other Financing Sources (Uses)	\$ 0	\$ (5,000)	\$ 0	\$ (5,000)	\$ 0
Net Change in Fund Balances	\$ 80,278	\$ (14,741)	\$ 0	\$ 65,537	\$ 115,253
Fund Balance, July 1, 2015	346,000	79,890	0	425,890	167,871
Fund Balance, June 30, 2016	\$ 426,278	\$ 65,149	\$ 0	\$ 491,427	\$ 283,124

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)		Total Nonmajor Governmental Funds
	Education Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 298,859	\$ 298,859
Fines, Forfeitures, and Penalties	0	0	67,861
Charges for Current Services	0	0	204,513
Other Local Revenues	421	421	3,499
State of Tennessee	0	50,000	125,691
Total Revenues	<u>\$ 421</u>	<u>\$ 349,280</u>	<u>\$ 700,423</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 20,463	\$ 20,463
Finance	0	7,787	7,787
Administration of Justice	0	14,205	15,225
Public Safety	0	80,000	157,602
Public Health and Welfare	0	93,889	281,359
Other Operations	0	10,212	10,212
Highways	0	5,970	20,484
Debt Service:			
Principal on Debt	108,599	108,599	108,599
Capital Projects	0	1,080	1,080
Capital Projects - Donated	257,866	257,866	257,866
Total Expenditures	<u>\$ 366,465</u>	<u>\$ 600,071</u>	<u>\$ 880,677</u>

(Continued)

Exhibit F-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
	Education Capital Projects	Total	Nonmajor Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ (366,044)	\$ (250,791)	\$ (180,254)
<u>Other Financing Sources (Uses)</u>			
Notes Issued	\$ 288,000	\$ 288,000	\$ 288,000
Transfers Out	(37,840)	(37,840)	(42,840)
Total Other Financing Sources (Uses)	\$ 250,160	\$ 250,160	\$ 245,160
Net Change in Fund Balances	\$ (115,884)	\$ (631)	\$ 64,906
Fund Balance, July 1, 2015	423,542	591,413	1,017,303
Fund Balance, June 30, 2016	\$ 307,658	\$ 590,782	\$ 1,082,209

Exhibit F-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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 203,493	\$ 140,000	\$ 173,919	\$ 29,574
Other Local Revenues	3,078	5,000	5,000	(1,922)
State of Tennessee	75,691	32,000	63,328	12,363
Total Revenues	<u>\$ 282,262</u>	<u>\$ 177,000</u>	<u>\$ 242,247</u>	<u>\$ 40,015</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Recycling Center	\$ 175,470	\$ 134,575	\$ 210,097	\$ 34,627
Postclosure Care Costs	12,000	30,000	20,000	8,000
<u>Highways</u>				
Litter and Trash Collection	14,514	12,000	15,500	986
Total Expenditures	<u>\$ 201,984</u>	<u>\$ 176,575</u>	<u>\$ 245,597</u>	<u>\$ 43,613</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 80,278</u>	<u>\$ 425</u>	<u>\$ (3,350)</u>	<u>\$ 83,628</u>
Net Change in Fund Balance	\$ 80,278	\$ 425	\$ (3,350)	\$ 83,628
Fund Balance, July 1, 2015	346,000	330,900	330,900	15,100
Fund Balance, June 30, 2016	<u>\$ 426,278</u>	<u>\$ 331,325</u>	<u>\$ 327,550</u>	<u>\$ 98,728</u>

Exhibit F-4

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 67,861	\$ 32,500	\$ 42,960	\$ 24,901
Total Revenues	\$ 67,861	\$ 32,500	\$ 42,960	\$ 24,901
<u>Expenditures</u>				
<u>Public Safety</u>				
Other Public Safety	\$ 77,602	\$ 27,500	\$ 91,951	\$ 14,349
Total Expenditures	\$ 77,602	\$ 27,500	\$ 91,951	\$ 14,349
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,741)	\$ 5,000	\$ (48,991)	\$ 39,250
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ 0
Total Other Financing Sources	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ 0
Net Change in Fund Balance	\$ (14,741)	\$ 0	\$ (53,991)	\$ 39,250
Fund Balance, July 1, 2015	79,890	80,129	80,129	(239)
Fund Balance, June 30, 2016	\$ 65,149	\$ 80,129	\$ 26,138	\$ 39,011

Exhibit F-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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 298,859	\$ 270,260	\$ 275,760	\$ 23,099
State of Tennessee	50,000	0	50,000	0
Total Revenues	<u>\$ 348,859</u>	<u>\$ 270,260</u>	<u>\$ 325,760</u>	<u>\$ 23,099</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 20,463	\$ 94,200	\$ 79,200	\$ 58,737
<u>Finance</u>				
Accounting and Budgeting	1,560	13,000	8,000	6,440
Property Assessor's Office	4,656	5,000	5,000	344
County Clerk's Office	1,571	2,000	2,000	429
<u>Administration of Justice</u>				
General Sessions Court	9,800	9,800	9,800	0
Chancery Court	4,405	5,000	5,000	595
<u>Public Safety</u>				
Sheriff's Department	80,000	80,000	80,000	0
Jail	0	5,000	5,000	5,000
Civil Defense	0	200	200	200
<u>Public Health and Welfare</u>				
Local Health Center	48,889	1,500	51,500	2,611
Ambulance/Emergency Medical Services	45,000	25,000	45,000	0
<u>Other Operations</u>				
Airport	10,212	19,000	19,000	8,788
<u>Highways</u>				
Capital Outlay	5,970	0	5,500	(470)
<u>Capital Projects</u>				
Highway and Street Capital Projects	1,080	0	1,080	0
Total Expenditures	<u>\$ 233,606</u>	<u>\$ 259,700</u>	<u>\$ 316,280</u>	<u>\$ 82,674</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 115,253</u>	<u>\$ 10,560</u>	<u>\$ 9,480</u>	<u>\$ 105,773</u>
Net Change in Fund Balance	\$ 115,253	\$ 10,560	\$ 9,480	\$ 105,773
Fund Balance, July 1, 2015	<u>167,871</u>	<u>160,570</u>	<u>160,570</u>	<u>7,301</u>
Fund Balance, June 30, 2016	<u>\$ 283,124</u>	<u>\$ 171,130</u>	<u>\$ 170,050</u>	<u>\$ 113,074</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 G-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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 880,701	\$ 963,460	\$ 963,460	\$ (82,759)
Licenses and Permits	817	800	800	17
Other Local Revenues	151,034	150,000	150,000	1,034
Other Governments and Citizens Groups	53,000	26,025	26,025	26,975
Total Revenues	<u>\$ 1,085,552</u>	<u>\$ 1,140,285</u>	<u>\$ 1,140,285</u>	<u>\$ (54,733)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 834,000	\$ 834,000	\$ 834,000	\$ 0
<u>Interest on Debt</u>				
General Government	139,451	139,695	140,696	1,245
<u>Other Debt Service</u>				
General Government	152,776	166,800	165,799	13,023
Total Expenditures	<u>\$ 1,126,227</u>	<u>\$ 1,140,495</u>	<u>\$ 1,140,495</u>	<u>\$ 14,268</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (40,675)</u>	<u>\$ (210)</u>	<u>\$ (210)</u>	<u>\$ (40,465)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 37,840	\$ 0	\$ 0	\$ 37,840
Total Other Financing Sources	<u>\$ 37,840</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,840</u>
Net Change in Fund Balance	\$ (2,835)	\$ (210)	\$ (210)	\$ (2,625)
Fund Balance, July 1, 2015	<u>1,201,957</u>	<u>1,014,957</u>	<u>1,014,957</u>	<u>187,000</u>
Fund Balance, June 30, 2016	<u><u>\$ 1,199,122</u></u>	<u><u>\$ 1,014,747</u></u>	<u><u>\$ 1,014,747</u></u>	<u><u>\$ 184,375</u></u>

Exhibit G-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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 896,883	\$ 870,181	\$ 870,181	\$ 26,702
Other Governments and Citizens Groups	355,629	355,629	355,629	0
Total Revenues	<u>\$ 1,252,512</u>	<u>\$ 1,225,810</u>	<u>\$ 1,225,810</u>	<u>\$ 26,702</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 929,000	\$ 641,000	\$ 929,000	\$ 0
<u>Interest on Debt</u>				
Education	197,818	196,831	198,232	414
<u>Other Debt Service</u>				
Education	28,243	317,600	29,199	956
Total Expenditures	<u>\$ 1,155,061</u>	<u>\$ 1,155,431</u>	<u>\$ 1,156,431</u>	<u>\$ 1,370</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 97,451</u>	<u>\$ 70,379</u>	<u>\$ 69,379</u>	<u>\$ 28,072</u>
Net Change in Fund Balance	\$ 97,451	\$ 70,379	\$ 69,379	\$ 28,072
Fund Balance, July 1, 2015	<u>96,495</u>	<u>80,135</u>	<u>80,135</u>	<u>16,360</u>
Fund Balance, June 30, 2016	<u><u>\$ 193,946</u></u>	<u><u>\$ 150,514</u></u>	<u><u>\$ 149,514</u></u>	<u><u>\$ 44,432</u></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.

Exhibit H-1

Scott County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016

	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	\$ 684,000	\$ 0	\$ 684,000
Equity in Pooled Cash and Investments	0	1,833	57,300	0	213,017	272,150
Accounts Receivable	0	0	0	657	4,075	4,732
Due from Other Governments	271,877	0	103,327	0	0	375,204
Property Taxes Receivable	0	611,324	1,014,009	0	0	1,625,333
Allowance for Uncollectible Property Taxes	0	(30,580)	(56,237)	0	0	(86,817)
Total Assets	<u>\$ 271,877</u>	<u>\$ 582,577</u>	<u>\$ 1,118,399</u>	<u>\$ 684,657</u>	<u>\$ 217,092</u>	<u>\$ 2,874,602</u>
<u>LIABILITIES</u>						
Payroll Deductions Payable	\$ 0	0	0	0	1,288	1,288
Due to Other Taxing Units	271,877	582,577	1,118,399	0	0	1,972,853
Due to Litigants, Heirs, and Others	0	0	0	684,657	0	684,657
Due to Joint Venture	0	0	0	0	215,804	215,804
Total Liabilities	<u>\$ 271,877</u>	<u>\$ 582,577</u>	<u>\$ 1,118,399</u>	<u>\$ 684,657</u>	<u>\$ 217,092</u>	<u>\$ 2,874,602</u>

Exhibit H-2

Scott County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,635,301	\$ 1,635,301	\$ 0
Due from Other Governments	272,945	271,877	272,945	271,877
Total Assets	\$ 272,945	\$ 1,907,178	\$ 1,908,246	\$ 271,877
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 272,945	\$ 1,907,178	\$ 1,908,246	\$ 271,877
Total Liabilities	\$ 272,945	\$ 1,907,178	\$ 1,908,246	\$ 271,877
<u>Special School District</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 6,157	\$ 481,383	\$ 485,707	\$ 1,833
Property Taxes Receivable	574,742	611,324	574,742	611,324
Allowance for Uncollectible Taxes	(33,112)	(30,580)	(33,112)	(30,580)
Total Assets	\$ 547,787	\$ 1,062,127	\$ 1,027,337	\$ 582,577
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 547,787	\$ 1,062,127	\$ 1,027,337	\$ 582,577
Total Liabilities	\$ 547,787	\$ 1,062,127	\$ 1,027,337	\$ 582,577
<u>City School ADA - Oneida Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 59,613	\$ 1,491,827	\$ 1,494,140	\$ 57,300
Due from Other Governments	102,633	103,327	102,633	103,327
Property Taxes Receivable	967,243	1,014,009	967,243	1,014,009
Allowance for Uncollectible Taxes	(66,183)	66,183	56,237	(56,237)
Total Assets	\$ 1,063,306	\$ 2,675,346	\$ 2,620,253	\$ 1,118,399
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,063,306	\$ 2,627,546	\$ 2,572,453	\$ 1,118,399
Total Liabilities	\$ 1,063,306	\$ 2,627,546	\$ 2,572,453	\$ 1,118,399

(Continued)

Exhibit H-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	\$ 571,777	\$ 4,361,210	\$ 4,248,987	\$ 684,000
Accounts Receivable	657	0	0	657
Total Assets	<u>\$ 572,434</u>	<u>\$ 4,361,210</u>	<u>\$ 4,248,987</u>	<u>\$ 684,657</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 572,434	\$ 4,361,210	\$ 4,248,987	\$ 684,657
Total Liabilities	<u>\$ 572,434</u>	<u>\$ 4,361,210</u>	<u>\$ 4,248,987</u>	<u>\$ 684,657</u>
<u>Judicial District Drug</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 209,167	\$ 303,849	\$ 299,999	\$ 213,017
Accounts Receivable	8,069	4,075	8,069	4,075
Due from Other Governments	4,039	0	4,039	0
Total Assets	<u>\$ 221,275</u>	<u>\$ 307,924</u>	<u>\$ 312,107</u>	<u>\$ 217,092</u>
<u>Liabilities</u>				
Accounts Payable	\$ 13,485	\$ 0	\$ 13,485	\$ 0
Payroll Deductions Payable	2,125	1,288	2,125	1,288
Due to Joint Venture	205,665	306,636	296,497	215,804
Total Liabilities	<u>\$ 221,275</u>	<u>\$ 307,924</u>	<u>\$ 312,107</u>	<u>\$ 217,092</u>

(Continued)

Exhibit H-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	\$ 571,777	\$ 4,361,210	\$ 4,248,987	\$ 684,000
Equity in Pooled Cash and Investments	274,937	3,912,360	3,915,147	272,150
Account Receivables	8,726	4,075	8,726	4,732
Due from Other Governments	379,617	375,204	379,617	375,204
Property Taxes Receivable	1,541,985	1,625,333	1,541,985	1,625,333
Allowance for Uncollectible Taxes	(99,295)	35,603	23,125	(86,817)
Total Assets	<u>\$ 2,677,747</u>	<u>\$ 10,313,785</u>	<u>\$ 10,117,587</u>	<u>\$ 2,874,602</u>
<u>Liabilities</u>				
Accounts Payable	\$ 13,485	\$ 0	\$ 13,485	\$ 0
Payroll Deductions Payable	2,125	1,288	2,125	1,288
Due to Other Taxing Units	1,884,038	5,596,851	5,508,036	1,972,853
Due to Litigants, Heirs, and Others	572,434	4,361,210	4,248,987	684,657
Due to Joint Venture	205,665	306,636	296,497	215,804
Total Liabilities	<u>\$ 2,677,747</u>	<u>\$ 10,265,985</u>	<u>\$ 10,069,130</u>	<u>\$ 2,874,602</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 I-1

Scott County, Tennessee
Statement of Activities
Discretely Presented Scott County School Department
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Total
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 13,918,469	\$ 15,752	\$ 919,435		\$ (12,983,282)
Support Services	7,278,603	39,261	386,322	251,266	(6,601,754)
Operation of Non-instructional Services	2,824,945	160,454	2,860,964		196,473
Total Governmental Activities	\$ 24,022,017	\$ 215,467	\$ 4,166,721	251,266	\$ (19,388,563)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,798,775
Local Option Sales Taxes					1,390,552
Other Local Taxes					1,422
Grants and Contributions Not Restricted to Specific Programs					18,022,110
Unrestricted Investment Income					679
Miscellaneous					17,423
Total General Revenues					\$ 21,230,961
Change in Net Position					\$ 1,842,398
Net Position, July 1, 2015					19,436,771
Net Position, June 30, 2016					\$ 21,279,169

Exhibit I-2

Scott County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Scott County School Department
June 30, 2016

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>ASSETS</u>			
Cash	\$ 0	\$ 6,304	\$ 6,304
Equity in Pooled Cash and Investments	7,981,727	810,488	8,792,215
Accounts Receivable	29,541	67	29,608
Due from Other Governments	643,273	287,028	930,301
Property Taxes Receivable	2,291,101	0	2,291,101
Allowance for Uncollectible Property Taxes	(127,784)	0	(127,784)
Total Assets	\$ 10,817,858	\$ 1,103,887	\$ 11,921,745
<u>LIABILITIES</u>			
Accounts Payable	\$ 14,798	\$ 1,024	\$ 15,822
Accrued Payroll	2,182,767	364,693	2,547,460
Payroll Deductions Payable	195,551	23,319	218,870
Due to Primary Government	17,496	0	17,496
Due to State of Tennessee	3,107	1,349	4,456
Other Current Liabilities	271,176	31,891	303,067
Total Liabilities	\$ 2,684,895	\$ 422,276	\$ 3,107,171
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,050,184	\$ 0	\$ 2,050,184
Deferred Delinquent Property Taxes	103,178	0	103,178
Other Deferred/Unavailable Revenue	113,184	0	113,184
Total Deferred Inflows of Resources	\$ 2,266,546	\$ 0	\$ 2,266,546
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 615,538	\$ 615,538
Committed:			
Committed for Education	0	66,073	66,073
Assigned:			
Assigned for Education	527,545	0	527,545
Unassigned	5,338,872	0	5,338,872
Total Fund Balances	\$ 5,866,417	\$ 681,611	\$ 6,548,028
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,817,858	\$ 1,103,887	\$ 11,921,745

Exhibit I-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, 2016

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)		\$ 6,548,028
(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	17,147,981	
Add: infrastructure net of accumulated depreciation	6,555	
Add: other capital assets net of accumulated depreciation	<u>1,410,754</u>	19,475,851
(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	\$ (3,558,033)	
Less: net pension liability - Teacher Legacy Plan	<u>(118,387)</u>	(3,676,420)
(3) 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	\$ 3,908,899	
Less: deferred inflows of resources related to pensions	<u>(5,434,215)</u>	(1,525,316)
(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	\$ 235,636	
Add: net pension assets of the Teacher Plan	<u>5,028</u>	240,664
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>216,362</u>
Net position of governmental activities (Exhibit A)		<u>\$ 21,279,169</u>

Exhibit I-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, 2016

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 3,408,265	\$ 0	\$ 3,408,265
Licenses and Permits	671	0	671
Charges for Current Services	39,261	160,454	199,715
Other Local Revenues	66,674	710	67,384
State of Tennessee	18,318,286	17,307	18,335,593
Federal Government	0	4,020,997	4,020,997
Total Revenues	<u>\$ 21,833,157</u>	<u>\$ 4,199,468</u>	<u>\$ 26,032,625</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 12,948,960	\$ 1,715,209	\$ 14,664,169
Support Services	5,945,242	366,469	6,311,711
Operation of Non-Instructional Services	974,406	2,141,167	3,115,573
Capital Outlay	155,175	0	155,175
Debt Service:			
Other Debt Service	355,629	0	355,629
Total Expenditures	<u>\$ 20,379,412</u>	<u>\$ 4,222,845</u>	<u>\$ 24,602,257</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,453,745</u>	<u>\$ (23,377)</u>	<u>\$ 1,430,368</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 27,000	\$ 0	\$ 27,000
Transfers Out	0	(27,000)	(27,000)
Total Other Financing Sources (Uses)	<u>\$ 27,000</u>	<u>\$ (27,000)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,480,745	\$ (50,377)	\$ 1,430,368
Fund Balance, July 1, 2015	4,385,672	731,988	5,117,660
Fund Balance, June 30, 2016	<u>\$ 5,866,417</u>	<u>\$ 681,611</u>	<u>\$ 6,548,028</u>

Exhibit I-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, 2016

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 1,430,368
(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	\$ 400,979	
Less: current-year depreciation expense	<u>(961,996)</u>	(561,017)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Add: assets donated and capitalized		251,266
(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, 2016	\$ 216,362	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(635,838)</u>	(419,476)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in net pension asset - agent plan	\$ (411,313)	
Change in net pension asset - teacher retirement plan	5,028	
Change in net pension liability - teacher legacy pension plan	(163,660)	
Change in deferred outflows related to pensions	2,578,094	
Change in deferred inflows related to pensions	(480,078)	
Change in other postemployment benefits liability	<u>(386,814)</u>	<u>1,141,257</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,842,398</u>

Exhibit I-6

Scott County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Scott County School Department
June 30, 2016

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 6,304	\$ 6,304
Equity in Pooled Cash and Investments	88,867	721,621	810,488
Accounts Receivable	0	67	67
Due from Other Governments	287,028	0	287,028
Total Assets	<u>\$ 375,895</u>	<u>\$ 727,992</u>	<u>\$ 1,103,887</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 44	\$ 980	\$ 1,024
Accrued Payroll	261,314	103,379	364,693
Payroll Deductions Payable	17,134	6,185	23,319
Due to State of Tennessee	553	796	1,349
Other Current Liabilities	29,116	2,775	31,891
Total Liabilities	<u>\$ 308,161</u>	<u>\$ 114,115</u>	<u>\$ 422,276</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 1,661	\$ 613,877	\$ 615,538
Committed:			
Committed for Education	66,073	0	66,073
Total Fund Balances	<u>\$ 67,734</u>	<u>\$ 613,877</u>	<u>\$ 681,611</u>
Total Liabilities and Fund Balances	<u>\$ 375,895</u>	<u>\$ 727,992</u>	<u>\$ 1,103,887</u>

Exhibit I-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, 2016

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 160,454	\$ 160,454
Other Local Revenues	0	710	710
State of Tennessee	0	17,307	17,307
Federal Government	2,110,338	1,910,659	4,020,997
Total Revenues	<u>\$ 2,110,338</u>	<u>\$ 2,089,130</u>	<u>\$ 4,199,468</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,715,209	\$ 0	\$ 1,715,209
Support Services	366,469	0	366,469
Operation of Non-Instructional Services	0	2,141,167	2,141,167
Total Expenditures	<u>\$ 2,081,678</u>	<u>\$ 2,141,167</u>	<u>\$ 4,222,845</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,660</u>	<u>\$ (52,037)</u>	<u>\$ (23,377)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (27,000)	\$ 0	\$ (27,000)
Total Other Financing Sources (Uses)	<u>\$ (27,000)</u>	<u>\$ 0</u>	<u>\$ (27,000)</u>
Net Change in Fund Balances	\$ 1,660	\$ (52,037)	\$ (50,377)
Fund Balance, July 1, 2015	66,074	665,914	731,988
Fund Balance, June 30, 2016	<u>\$ 67,734</u>	<u>\$ 613,877</u>	<u>\$ 681,611</u>

Exhibit I-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, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,408,265	\$ 0	\$ 3,408,265	\$ 3,329,780	\$ 3,329,780	\$ 78,485
Licenses and Permits	671	0	671	500	500	171
Charges for Current Services	39,261	0	39,261	57,000	57,000	(17,739)
Other Local Revenues	66,674	0	66,674	0	49,282	17,392
State of Tennessee	18,318,286	0	18,318,286	17,955,942	18,115,005	203,281
Federal Government	0	0	0	5,500	5,500	(5,500)
Total Revenues	\$ 21,833,157	\$ 0	\$ 21,833,157	\$ 21,348,722	\$ 21,557,067	\$ 276,090
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 10,981,041	\$ 0	\$ 10,981,041	\$ 11,232,876	\$ 11,363,728	\$ 382,687
Alternative Instruction Program	66,738	0	66,738	82,946	82,946	16,208
Special Education Program	1,315,309	0	1,315,309	1,393,766	1,396,266	80,957
Vocational Education Program	585,872	0	585,872	634,810	634,810	48,938
<u>Support Services</u>						
Attendance	63,981	0	63,981	81,834	78,834	14,853
Health Services	266,275	0	266,275	159,813	292,410	26,135
Other Student Support	301,671	0	301,671	341,445	329,695	28,024
Regular Instruction Program	636,817	0	636,817	693,093	707,293	70,476
Special Education Program	183,137	0	183,137	200,714	198,214	15,077
Vocational Education Program	64,168	0	64,168	89,329	89,329	25,161
Other Programs	74,400	0	74,400	0	74,400	0
Board of Education	462,366	0	462,366	500,404	540,404	78,038
Director of Schools	195,372	0	195,372	223,301	224,801	29,429
Office of the Principal	734,128	0	734,128	938,944	878,944	144,816

(Continued)

Exhibit I-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)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Operation of Plant	\$ 1,488,457	\$ 0	\$ 1,488,457	\$ 1,577,121	\$ 1,661,041	\$ 172,584
Maintenance of Plant	267,486	0	267,486	273,803	329,703	62,217
Transportation	999,466	0	999,466	1,155,920	1,157,880	158,414
Central and Other	207,518	0	207,518	290,996	280,996	73,478
<u>Operation of Non-Instructional Services</u>						
Community Services	51,659	0	51,659	50,000	53,900	2,241
Early Childhood Education	922,747	0	922,747	1,061,340	955,206	32,459
<u>Capital Outlay</u>						
Regular Capital Outlay	155,175	517,545	672,720	244,856	771,173	98,453
<u>Other Debt Service</u>						
Education	355,629	0	355,629	185,773	355,629	0
Total Expenditures	\$ 20,379,412	\$ 517,545	\$ 20,896,957	\$ 21,413,084	\$ 22,457,602	\$ 1,560,645
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 1,453,745	 \$ (517,545)	 \$ 936,200	 \$ (64,362)	 \$ (900,535)	 \$ 1,836,735
 <u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 27,000	0	\$ 27,000	\$ 54,362	\$ 54,362	\$ (27,362)
Total Other Financing Sources	\$ 27,000	0	\$ 27,000	\$ 54,362	\$ 54,362	\$ (27,362)
 Net Change in Fund Balance	\$ 1,480,745	\$ (517,545)	\$ 963,200	\$ (10,000)	\$ (846,173)	\$ 1,809,373
Fund Balance, July 1, 2015	4,385,672	0	4,385,672	3,560,825	3,560,825	824,847
 Fund Balance, June 30, 2016	 \$ 5,866,417	 \$ (517,545)	 \$ 5,348,872	 \$ 3,550,825	 \$ 2,714,652	 \$ 2,634,220

Exhibit I-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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,110,338	\$ 2,106,098	\$ 2,486,039	\$ (375,701)
Total Revenues	\$ 2,110,338	\$ 2,106,098	\$ 2,486,039	\$ (375,701)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,109,516	\$ 1,057,785	\$ 1,284,791	\$ 175,275
Special Education Program	551,286	563,984	596,370	45,084
Vocational Education Program	54,407	50,605	54,463	56
<u>Support Services</u>				
Other Student Support	20,707	27,988	30,726	10,019
Regular Instruction Program	249,069	287,216	374,193	125,124
Special Education Program	59,474	55,175	65,740	6,266
Vocational Education Program	2,474	3,158	2,474	0
Transportation	34,745	35,825	50,282	15,537
Total Expenditures	\$ 2,081,678	\$ 2,081,736	\$ 2,459,039	\$ 377,361
Excess (Deficiency) of Revenues Over Expenditures	\$ 28,660	\$ 24,362	\$ 27,000	\$ 1,660
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (27,000)	\$ (24,362)	\$ (27,000)	\$ 0
Total Other Financing Sources	\$ (27,000)	\$ (24,362)	\$ (27,000)	\$ 0
Net Change in Fund Balance	\$ 1,660	\$ 0	\$ 0	\$ 1,660
Fund Balance, July 1, 2015	66,074	115,361	115,361	(49,287)
Fund Balance, June 30, 2016	\$ 67,734	\$ 115,361	\$ 115,361	\$ (47,627)

Exhibit I-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, 2016

	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	160,454	173,000	173,000	(12,546)
Other Local Revenues	710	300	300	410
State of Tennessee	17,307	18,000	18,000	(693)
Federal Government	1,910,659	1,799,800	1,799,800	110,859
Total Revenues	<u>\$ 2,089,130</u>	<u>\$ 1,992,600</u>	<u>\$ 1,992,600</u>	<u>\$ 96,530</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,141,167	\$ 2,062,600	\$ 2,308,902	\$ 167,735
Total Expenditures	<u>\$ 2,141,167</u>	<u>\$ 2,062,600</u>	<u>\$ 2,308,902</u>	<u>\$ 167,735</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (52,037)</u>	<u>\$ (70,000)</u>	<u>\$ (316,302)</u>	<u>\$ 264,265</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	\$ (52,037)	\$ (100,000)	\$ (346,302)	\$ 294,265
Fund Balance, July 1, 2015	<u>665,914</u>	<u>440,560</u>	<u>440,560</u>	<u>225,354</u>
Fund Balance, June 30, 2016	<u><u>\$ 613,877</u></u>	<u><u>\$ 340,560</u></u>	<u><u>\$ 94,258</u></u>	<u><u>\$ 519,619</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Scott County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-16
GOVERNMENTAL ACTIVITIES								
NOTES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Bridge Replacement/Equipment	\$ 300,000	4.99	8-30-05	6-30-17	\$ 50,000	0	25,000	\$ 25,000
Road Resurface	300,000	3.98	12-5-07	12-1-16	66,662	0	33,331	33,331
Road Resurface	600,000	3.57	8-31-09	8-28-18	266,666	0	88,889	177,777
Road Resurface	500,000	2.94	10-15-12	10-15-18	166,666	0	25,000	141,666
Asphalt Zipper	122,205	2.94	9-25-13	8-21-16	81,470	0	40,735	40,735
Capital Outlay	300,000	3.55	12-16-13	12-16-16	200,000	0	100,000	100,000
Total Payable through Highway/Public Works Fund					<u>\$ 831,464</u>	<u>\$ 0</u>	<u>\$ 312,955</u>	<u>\$ 518,509</u>
<u>Payable through Rural Debt Service Fund</u>								
School System Capital Outlay Notes Series 2016	\$ 288,000	3.50	4-18-16	6-17-16	\$ 0	288,000	288,000	\$ 0
Total Payable through Rural Debt Service Fund					<u>\$ 0</u>	<u>\$ 288,000</u>	<u>\$ 288,000</u>	<u>\$ 0</u>
Total Notes Payable					<u>\$ 831,464</u>	<u>\$ 288,000</u>	<u>\$ 600,955</u>	<u>\$ 518,509</u>

(Continued)

Exhibit J-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 7-1-15	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-16
<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	\$ 360,200	\$ 0	\$ 53,000	\$ 307,200
Justice Center and Highway Projects	9,654,938 (1)	Varies		2-27-07	5-25-34	8,020,938	0	253,000	7,767,938
School Renovations and Improvements	13,940,000	Varies		12-15-09	5-25-35	12,326,000	0	481,599	11,844,401
Total Payable through General Debt Service Fund						<u>\$ 20,707,138</u>	<u>\$ 0</u>	<u>\$ 787,599</u>	<u>\$ 19,919,539</u>
<u>Payable through Rural Debt Service Fund</u>									
Various Schools Projects	3,000,000	Varies		10-2-03	5-25-23	\$ 1,481,000	\$ 0	\$ 166,000	\$ 1,315,000
Total Payable through Rural Debt Service Fund						<u>\$ 1,481,000</u>	<u>\$ 0</u>	<u>\$ 166,000</u>	<u>\$ 1,315,000</u>
Total Other Loans Payable						<u>\$ 22,188,138</u>	<u>\$ 0</u>	<u>\$ 953,599</u>	<u>\$ 21,234,539</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	\$ 1,025,000	0	\$ 55,000	\$ 970,000
Refunding Bonds, Series 2014A	1,490,000	2 to 3.4		6-30-14	6-1-35	1,355,000	0	100,000	1,255,000
Total Payable through General Debt Service Fund						<u>\$ 2,380,000</u>	<u>\$ 0</u>	<u>\$ 155,000</u>	<u>\$ 2,225,000</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	\$ 7,640,000	\$ 0	\$ 475,000	\$ 7,165,000
Total Payable through Rural Debt Service Fund						<u>\$ 7,640,000</u>	<u>\$ 0</u>	<u>\$ 475,000</u>	<u>\$ 7,165,000</u>
Total Bonds Payable						<u>\$ 10,020,000</u>	<u>\$ 0</u>	<u>\$ 630,000</u>	<u>\$ 9,390,000</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 J-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 343,511	\$ 15,358	\$ 358,869
2018	144,445	4,609	149,054
2019	30,553	1,002	31,555
Total	\$ 518,509	\$ 20,969	\$ 539,478

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 883,600	\$ 94,545	\$ 149,313	\$ 1,127,458
2018	924,400	90,656	142,806	1,157,862
2019	967,300	86,586	136,001	1,189,887
2020	1,013,400	82,325	128,883	1,224,608
2021	1,059,500	77,863	121,427	1,258,790
2022	1,038,000	73,195	113,637	1,224,832
2023	1,087,000	68,635	106,263	1,261,898
2024	925,000	63,860	98,544	1,087,404
2025	970,000	59,755	92,200	1,121,955
2026	1,019,000	55,450	85,546	1,159,996
2027	1,071,000	50,927	78,556	1,200,483
2028	1,123,000	46,174	71,210	1,240,384
2029	1,180,000	41,189	63,507	1,284,696
2030	1,239,000	35,952	55,413	1,330,365
2031	1,301,000	30,453	46,915	1,378,368
2032	1,366,000	24,679	37,991	1,428,670
2033	1,434,000	18,616	28,621	1,481,237
2034	1,506,000	12,252	18,785	1,537,037
2035	1,127,339	4,333	6,419	1,138,091
Total	\$ 21,234,539	\$ 1,017,445	\$ 1,582,037	\$ 23,834,021

(Continued)

Exhibit J-2

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

GOVERNMENTAL ACTIVITIES (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 9,390,000	\$ 2,126,241	\$ 11,516,241

Exhibit J-3

Scott County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Scott County School Department

For the Year Ended June 30, 2016

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
Education Capital Projects	General Debt Service	Interest	\$ 37,840
Drug Control	General	Reimbursement of salary	<u>5,000</u>
Total Transfers Primary Government			<u>\$ 42,840</u>
<u>DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 27,000</u>
Total Transfers Discretely Presented Scott County School Department			<u>\$ 27,000</u>

Exhibit J-4

Scott County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Scott County School Department
For the Year Ended June 30, 2016

Official	Authorization of Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 73,738	\$ 100,000	RLI Insurance Company
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	78,967 (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>	63,843	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	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>	70,828 (2)	100,000	"
Director of Finance:				
Brian Strunk (7-1-15 through 11-27-15)	Board of County Commissioners	30,202 (3)	100,000	"
Ginger Reynolds (11-28-15 through 6-30-16)	Board of County Commissioners	34,376	100,000	(4)
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 and Tennessee Small School Equalizations funds of \$1,045.

(2) Includes a law enforcement training supplement of \$600.

(3) Includes accrued leave of \$2,455.

(4) Ginger Reynolds did not have a separate official bond as of June 30, 2016, but the county had Public Officials Liability/Errors and Omissions Coverage of \$1,000,000 through the Tennessee Risk Management Trust.

Exhibit J-5

Scott County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2016

	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	\$ 2,785,349	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Discount on Property Taxes	(29,352)	0	0	0	0	0
Trustee's Collections - Prior Year	171,237	0	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	103,742	0	0	0	0	0
Interest and Penalty	36,621	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	90	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	396,333	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	166,939	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	273,489	0	0	0	0	0
Hotel/Motel Tax	61,746	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	24,465	0	0	0	0	0
Litigation Tax - Special Purpose	90,183	0	0	0	0	0
Business Tax	142,960	0	0	0	0	235
Mineral Severance Tax	983	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	73,008	0	0	0	0	0
Wholesale Beer Tax	91,715	0	0	0	0	0
Interstate Telecommunications Tax	1,364	0	0	0	0	0
Total Local Taxes	\$ 4,390,872	\$ 0	\$ 0	\$ 0	\$ 0	235
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 95	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	46,399	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 285	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 46,779	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 28,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	5,338	0	0	0	0	0
Drug Control Fines	0	0	0	25,505	0	0
Data Entry Fee - Circuit Court	618	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	665	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	83,311	0	0	0	0	0
Officers Costs	17,809	0	0	0	0	0
Game and Fish Fines	232	0	0	0	0	0
Drug Control Fines	0	0	0	27,552	0	0
Drug Court Fees	6,336	0	0	0	0	0
Jail Fees	2,761	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,418	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	7,916	0	0	0	0	0
Data Entry Fee - Chancery Court	2,040	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	7,000	0	0

(Continued)

Exhibit J-5

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>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 7,804	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 158,714	\$ 0	\$ 0	\$ 67,861	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Convenience Waste Centers Collection Charge	\$ 0	\$ 13,459	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Host Agency	0	190,034	0	0	0	0
Patient Charges	0	0	1,815,092	0	0	0
Other General Service Charges	6,053	0	0	0	0	0
<u>Fees</u>						
Airport Fees	231,213	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	1,020	0
Data Processing Fee - Register	5,874	0	0	0	0	0
Probation Fees	22,011	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	7,950	0	0	0	0	0
Data Processing Fee - County Clerk	1,800	0	0	0	0	0
Total Charges for Current Services	\$ 274,901	\$ 203,493	\$ 1,815,092	\$ 0	\$ 1,020	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 114,562	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	185,424	0	0	0	0	0
Commissary Sales	20,209	0	0	0	0	0
Sale of Maps	270	0	0	0	0	0
Sale of Recycled Materials	0	2,978	0	0	0	0
Miscellaneous Refunds	112,238	100	15,584	0	0	4,695

(Continued)

Exhibit J-5

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>Nonrecurring Items</u>						
Sale of Equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,303
Contributions and Gifts	5,520	0	0	0	0	0
Total Other Local Revenues	<u>\$ 438,223</u>	<u>\$ 3,078</u>	<u>\$ 15,584</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,998</u>
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 214,885	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	55,083	0	0	0	0	0
General Sessions Court Clerk	109,340	0	0	0	0	0
Clerk and Master	49,807	0	0	0	0	0
Register	81,605	0	0	0	0	0
Sheriff	9,119	0	0	0	0	0
Trustee	313,134	0	0	0	0	0
Total Fees Received From County Officials	<u>\$ 832,973</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	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
On-behalf Contributions for OPEB	3,675	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	15,600	0	0	0	0	0
Drug Control Grants	9,019	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	38,984
State Aid Program	0	0	0	0	0	142,073
Litter Program	0	31,756	0	0	0	0

(Continued)

Exhibit J-5

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>Other State Revenues</u>						
Income Tax	\$ 9,272	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	18,488	0	0	0	0	0
Alcoholic Beverage Tax	44,981	0	0	0	0	0
State Revenue Sharing - T.V.A.	585,517	0	0	0	0	0
Contracted Prisoner Boarding	870,510	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,837,432
Petroleum Special Tax	0	0	0	0	0	16,038
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	317,178	43,935	0	0	0	0
Other State Revenues	154,620	0	0	0	0	39,115
Total State of Tennessee	\$ 2,053,024	\$ 75,691	\$ 0	\$ 0	\$ 0	\$ 2,073,642
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 33,438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0	94,954
Homeland Security Grants	24,067	0	0	0	0	0
Other Federal through State	117,465	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	2,194	0	0	0	0	0
Total Federal Government	\$ 177,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 94,954
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 8,372,650	\$ 282,262	\$ 1,830,676	\$ 67,861	\$ 1,020	\$ 2,189,829

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds		
	General	Rural	General	Education	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 240,016	\$ 636,727	\$ 240,014	\$ 0	\$ 3,902,106
Discount on Property Taxes	(2,530)	(6,655)	(2,530)	0	(41,067)
Trustee's Collections - Prior Year	19,775	42,234	14,542	0	247,788
Circuit Clerk/Clerk and Master Collections - Prior Years	13,102	32,291	9,402	0	158,537
Interest and Penalty	4,481	9,002	3,315	0	53,419
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	90
Payments in-Lieu-of Taxes - Local Utilities	34,255	83,284	34,116	0	547,988
Payments in-Lieu-of Taxes - Other	0	0	0	0	166,939
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	100,000	0	0	373,489
Hotel/Motel Tax	0	0	0	0	61,746
Wheel Tax	571,602	0	0	0	571,602
Litigation Tax - General	0	0	0	0	24,465
Litigation Tax - Special Purpose	0	0	0	0	90,183
Business Tax	0	0	0	0	143,195
Mineral Severance Tax	0	0	0	0	983
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	73,008
Wholesale Beer Tax	0	0	0	0	91,715
Interstate Telecommunications Tax	0	0	0	0	1,364
Total Local Taxes	\$ 880,701	\$ 896,883	\$ 298,859	\$ 0	\$ 6,467,550
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 817	\$ 0	\$ 0	\$ 0	\$ 912
Cable TV Franchise	0	0	0	0	46,399

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds		
	General	Rural	General	Education	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 285
Total Licenses and Permits	\$ 817	\$ 0	\$ 0	\$ 0	\$ 47,596
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,270
Officers Costs	0	0	0	0	5,338
Drug Control Fines	0	0	0	0	25,505
Data Entry Fee - Circuit Court	0	0	0	0	618
<u>Criminal Court</u>					
DUI Treatment Fines	0	0	0	0	665
<u>General Sessions Court</u>					
Fines	0	0	0	0	83,311
Officers Costs	0	0	0	0	17,809
Game and Fish Fines	0	0	0	0	232
Drug Control Fines	0	0	0	0	27,552
Drug Court Fees	0	0	0	0	6,336
Jail Fees	0	0	0	0	2,761
Data Entry Fee - General Sessions Court	0	0	0	0	3,418
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	7,916
Data Entry Fee - Chancery Court	0	0	0	0	2,040
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	0	0	7,000

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds		
	General	Rural	General	Education	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,804
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 226,575
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,459
Surcharge - Host Agency	0	0	0	0	190,034
Patient Charges	0	0	0	0	1,815,092
Other General Service Charges	0	0	0	0	6,053
<u>Fees</u>					
Airport Fees	0	0	0	0	231,213
Special Commissioner Fees/Special Master Fees	0	0	0	0	1,020
Data Processing Fee - Register	0	0	0	0	5,874
Probation Fees	0	0	0	0	22,011
Sexual Offender Registration Fee - Sheriff	0	0	0	0	7,950
Data Processing Fee - County Clerk	0	0	0	0	1,800
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,294,506
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	421	\$ 114,983
Lease/Rentals	151,034	0	0	0	336,458
Commissary Sales	0	0	0	0	20,209
Sale of Maps	0	0	0	0	270
Sale of Recycled Materials	0	0	0	0	2,978
Miscellaneous Refunds	0	0	0	0	132,617

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds		
	General	Rural	General	Education	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<hr/>					
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items</u>					
Sale of Equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,303
Contributions and Gifts	0	0	0	0	5,520
Total Other Local Revenues	<u>\$ 151,034</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 421</u>	<u>\$ 629,338</u>
<hr/>					
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 214,885
Circuit Court Clerk	0	0	0	0	55,083
General Sessions Court Clerk	0	0	0	0	109,340
Clerk and Master	0	0	0	0	49,807
Register	0	0	0	0	81,605
Sheriff	0	0	0	0	9,119
Trustee	0	0	0	0	313,134
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 832,973</u>
<hr/>					
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
On-behalf Contributions for OPEB	0	0	0	0	3,675
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	15,600
Drug Control Grants	0	0	0	0	9,019
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	38,984
State Aid Program	0	0	0	0	142,073
Litter Program	0	0	0	0	31,756

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds		
	General	Rural	General	Education	
	Debt	Debt	Capital	Capital	
	Service	Service	Projects	Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,272
Beer Tax	0	0	0	0	18,488
Alcoholic Beverage Tax	0	0	0	0	44,981
State Revenue Sharing - T.V.A.	0	0	0	0	585,517
Contracted Prisoner Boarding	0	0	0	0	870,510
Gasoline and Motor Fuel Tax	0	0	0	0	1,837,432
Petroleum Special Tax	0	0	0	0	16,038
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	50,000	0	411,113
Other State Revenues	0	0	0	0	193,735
Total State of Tennessee	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 4,252,357
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,438
Disaster Relief	0	0	0	0	94,954
Homeland Security Grants	0	0	0	0	24,067
Other Federal through State	0	0	0	0	117,465
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	0	0	0	2,194
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 272,118
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 53,000	\$ 355,629	\$ 0	\$ 0	\$ 408,629
Total Other Governments and Citizens Groups	\$ 53,000	\$ 355,629	\$ 0	\$ 0	\$ 408,629
Total	\$ 1,085,552	\$ 1,252,512	\$ 348,859	\$ 421	\$ 15,431,642

Exhibit J-6

Scott County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Scott County School Department
For the Year Ended June 30, 2016

	General Purpose School	Special Revenue Funds School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,618,936	\$ 0	\$ 0	\$ 1,618,936
Discount on Property Taxes	(16,813)	0	0	(16,813)
Trustee's Collections - Prior Year	91,738	0	0	91,738
Circuit Clerk/Clerk and Master Collections - Prior Years	68,400	0	0	68,400
Interest and Penalty	23,673	0	0	23,673
Payments in-Lieu-of Taxes - Local Utilities	227,369	0	0	227,369
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,393,357	0	0	1,393,357
Mixed Drink Tax	248	0	0	248
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,357	0	0	1,357
Total Local Taxes	<u>\$ 3,408,265</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,408,265</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 671	\$ 0	\$ 0	\$ 671
Total Licenses and Permits	<u>\$ 671</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 671</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 70,533	\$ 70,533
Lunch Payments - Adults	0	0	31,517	31,517
Income from Breakfast	0	0	21,785	21,785
Special Milk Sales	0	0	4,804	4,804

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
A la Carte Sales	\$ 0	\$ 0	\$ 13,991	\$ 13,991
Other Charges for Services	39,261	0	17,824	57,085
Total Charges for Current Services	\$ 39,261	\$ 0	\$ 160,454	\$ 199,715
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 679	\$ 679
E-Rate Funding	49,282	0	0	49,282
Miscellaneous Refunds	16,320	0	31	16,351
<u>Nonrecurring Items</u>				
Contributions and Gifts	978	0	0	978
<u>Other Local Revenues</u>				
Other Local Revenues	94	0	0	94
Total Other Local Revenues	\$ 66,674	\$ 0	\$ 710	\$ 67,384
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 74,400	\$ 0	\$ 0	\$ 74,400
<u>State Education Funds</u>				
Basic Education Program	16,204,000	0	0	16,204,000
Early Childhood Education	1,292,440	0	0	1,292,440
School Food Service	0	0	17,307	17,307
Energy Efficient School Initiative	3,030	0	0	3,030
Driver Education	15,752	0	0	15,752

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Other State Education Funds	\$ 367,674	\$ 0	\$ 0	\$ 367,674
Coordinated School Health	138,861	0	0	138,861
Career Ladder Program	88,202	0	0	88,202
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	104,000	0	0	104,000
Other State Grants	29,927	0	0	29,927
Total State of Tennessee	<u>\$ 18,318,286</u>	<u>\$ 0</u>	<u>\$ 17,307</u>	<u>\$ 18,335,593</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,286,069	\$ 1,286,069
USDA - Commodities	0	0	44,066	44,066
Breakfast	0	0	462,199	462,199
USDA - Other	0	0	118,325	118,325
Vocational Education - Basic Grants to States	0	63,107	0	63,107
Title I Grants to Local Education Agencies	0	1,176,319	0	1,176,319
Special Education - Grants to States	0	625,394	0	625,394
Special Education Preschool Grants	0	26,832	0	26,832
Rural Education	0	40,856	0	40,856
Eisenhower Professional Development State Grants	0	177,830	0	177,830
Total Federal Government	<u>\$ 0</u>	<u>\$ 2,110,338</u>	<u>\$ 1,910,659</u>	<u>\$ 4,020,997</u>
Total	<u>\$ 21,833,157</u>	<u>\$ 2,110,338</u>	<u>\$ 2,089,130</u>	<u>\$ 26,032,625</u>

Exhibit J-7

Scott County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	88,497	
Social Security		5,487	
Pensions		1,778	
Employer Medicare		1,283	
Audit Services		6,668	
Contributions		2,622	
Dues and Memberships		11,930	
Evaluation and Testing		1,274	
Other Contracted Services		24,385	
Other Supplies and Materials		79	
Premiums on Corporate Surety Bonds		3,253	
Other Charges		10,474	
Total County Commission			\$ 157,730

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Secretary(ies)		31,027	
Clerical Personnel		29,524	
Social Security		7,973	
Pensions		3,330	
Employer Medicare		1,865	
Communication		7,466	
Legal Notices, Recording, and Court Costs		2,835	
Travel		127	
Office Supplies		2,160	
Other Charges		106	
Total County Mayor/Executive			160,151

County Attorney

County Official/Administrative Officer	\$	47,550	
Social Security		2,948	
Pensions		3,257	
Employer Medicare		689	
Communication		2,602	
Other Supplies and Materials		230	
Total County Attorney			57,276

Election Commission

County Official/Administrative Officer	\$	57,459	
Deputy(ies)		22,556	
Other Salaries and Wages		1,980	
Election Commission		18,000	
Election Workers		27,920	
Social Security		6,812	
Pensions		5,481	
Employer Medicare		1,593	
Communication		4,016	

(Continued)

Exhibit J-7

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

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

Data Processing Services	\$	28,737	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		3,657	
Postal Charges		1,998	
Printing, Stationery, and Forms		543	
Travel		6,876	
Office Supplies		3,182	
Other Supplies and Materials		1,110	
Total Election Commission			\$ 192,145

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		31,026	
Part-time Personnel		5,215	
Other Salaries and Wages		14,342	
Social Security		6,818	
Pensions		6,499	
Employer Medicare		1,595	
Communication		3,272	
Maintenance and Repair Services - Buildings		12	
Maintenance and Repair Services - Office Equipment		296	
Printing, Stationery, and Forms		1,870	
Other Contracted Services		2,665	
Office Supplies		10,871	
Total Register of Deeds			148,324

County Buildings

Mechanic(s)	\$	26,924	
Custodial Personnel		25,557	
Other Salaries and Wages		26,499	
Social Security		4,180	
Pensions		5,410	
Employer Medicare		977	
Maintenance and Repair Services - Buildings		23,877	
Maintenance and Repair Services - Equipment		6,983	
Maintenance and Repair Services - Vehicles		5,532	
Other Contracted Services		10,069	
Custodial Supplies		12,571	
Electricity		136,056	
Gasoline		2,388	
Natural Gas		43,324	
Office Supplies		880	
Road Signs		1,492	
Water and Sewer		89,289	
Other Supplies and Materials		3,143	
Other Charges		6,445	
Maintenance Equipment		2,575	
Total County Buildings			434,171

(Continued)

Exhibit J-7

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

General Fund (Cont.)FinanceAccounting and Budgeting

Supervisor/Director	\$	64,578	
Data Processing Personnel		159,095	
Social Security		13,403	
Pensions		15,322	
Employer Medicare		3,135	
Communication		2,484	
Data Processing Services		13,360	
Office Supplies		10,555	
Other Charges		52	
Office Equipment		1,988	
Total Accounting and Budgeting			\$ 283,972

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Assistant(s)		56,965	
Deputy(ies)		30,908	
Part-time Personnel		4,224	
Board and Committee Members Fees		3,400	
Social Security		9,223	
Pensions		10,393	
Employer Medicare		2,157	
Communication		3,379	
Data Processing Services		16,194	
Dues and Memberships		1,450	
Maintenance and Repair Services - Vehicles		86	
Travel		1,282	
Other Contracted Services		8,108	
Office Supplies		4,733	
Other Supplies and Materials		328	
Total Property Assessor's Office			216,673

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Assistant(s)		2,935	
Deputy(ies)		31,033	
Other Salaries and Wages		26,001	
Social Security		6,952	
Pensions		8,280	
Employer Medicare		1,626	
Communication		1,751	
Contracts with Other Public Agencies		3,350	
Data Processing Services		10,667	
Dues and Memberships		200	
Travel		788	
Office Supplies		1,966	
Total County Trustee's Office			159,392

(Continued)

Exhibit J-7

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

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

County Official/Administrative Officer	\$	63,843	
Assistant(s)		51,686	
Deputy(ies)		31,027	
Temporary Personnel		3,507	
Other Salaries and Wages		24,848	
Social Security		10,513	
Pensions		11,362	
Employer Medicare		2,459	
Communication		4,956	
Dues and Memberships		100	
Printing, Stationery, and Forms		310	
Other Contracted Services		9,297	
Office Supplies		9,012	
Furniture and Fixtures		706	
Office Equipment		1,296	
Total County Clerk's Office			\$ 224,922

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	63,843	
Assistant(s)		99,072	
Deputy(ies)		29,819	
Part-time Personnel		10,882	
Jury and Witness Expense		8,443	
Social Security		12,379	
Pensions		13,093	
Employer Medicare		2,895	
Communication		5,560	
Data Processing Services		13,070	
Printing, Stationery, and Forms		2,028	
Office Supplies		5,111	
Other Charges		2,483	
Total Circuit Court			268,678

General Sessions Court

Judge(s)	\$	115,606	
Assistant(s)		60,540	
Deputy(ies)		21,118	
Salary Supplements		7,771	
Secretary(ies)		8,395	
Clerical Personnel		25,257	
Part-time Personnel		11,179	
Board and Committee Members Fees		6,000	
Social Security		15,633	
Pensions		15,582	
Employer Medicare		3,656	
Communication		5,115	

(Continued)

Exhibit J-7

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

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

Travel	\$	3,394	
Other Contracted Services		4,800	
Office Supplies		1,818	
Other Supplies and Materials		22,795	
Other Charges		15,378	
Building Improvements		9,500	
Office Equipment		1,495	
Total General Sessions Court			\$ 355,032

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		31,028	
Other Salaries and Wages		27,835	
Social Security		7,140	
Pensions		8,405	
Employer Medicare		1,670	
Communication		1,798	
Data Processing Services		1,280	
Printing, Stationery, and Forms		133	
Office Supplies		617	
Total Chancery Court			143,749

District Attorney General

Other Contracted Services	\$	3,250	
Other Supplies and Materials		15,566	
Other Charges		22,660	
Total District Attorney General			41,476

Office of Public Defender

Other Supplies and Materials	\$	12,000	
Total Office of Public Defender			12,000

Public SafetySheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		945,332	
Salary Supplements		15,600	
Secretary(ies)		45,163	
Overtime Pay		2,695	
Social Security		63,421	
Pensions		73,913	
Employer Medicare		14,832	
Communication		40,415	
Dues and Memberships		2,284	
Maintenance and Repair Services - Buildings		596	
Maintenance and Repair Services - Equipment		162	
Maintenance and Repair Services - Vehicles		43,673	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Printing, Stationery, and Forms	\$	305	
Towing Services		2,096	
Travel		9,210	
Tuition		5,048	
Other Contracted Services		2,345	
Gasoline		67,723	
Law Enforcement Supplies		6,633	
Office Supplies		7,574	
Tires and Tubes		11,542	
Uniforms		3,408	
Other Supplies and Materials		9,550	
Liability Insurance		42,100	
Workers' Compensation Insurance		59,000	
Other Charges		13,158	
Communication Equipment		6,364	
Data Processing Equipment		8,500	
Furniture and Fixtures		1,794	
Motor Vehicles		7,800	
Total Sheriff's Department			\$ 1,582,464

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	2,752	
Other Charges		249	
Total Administration of the Sexual Offender Registry			3,001

Jail

Deputy(ies)	\$	661,860	
Dispatchers/Radio Operators		297,638	
Social Security		55,885	
Pensions		65,685	
Employer Medicare		13,070	
Medical and Dental Services		188,982	
Travel		3,936	
Other Contracted Services		8,091	
Food Supplies		214,905	
Law Enforcement Supplies		4,447	
Office Supplies		1,447	
Other Supplies and Materials		49,685	
Total Jail			1,565,631

Juvenile Services

Supervisor/Director	\$	30,405	
Deputy(ies)		86,991	
Youth Service Officer(s)		5,529	
Part-time Personnel		57,659	
Social Security		10,895	
Pensions		8,061	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Juvenile Services (Cont.)

Employer Medicare	\$	2,548	
Communication		4,659	
Travel		1,486	
Electricity		2,694	
Food Supplies		13,936	
Natural Gas		1,741	
Office Supplies		1,193	
Water and Sewer		3,592	
Other Supplies and Materials		8,310	
Workers' Compensation Insurance		4,600	
Total Juvenile Services			\$ 244,299

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	26,500	
Social Security		1,515	
Pensions		1,815	
Employer Medicare		354	
Communication		654	
Dues and Memberships		55	
Maintenance and Repair Services - Vehicles		513	
Travel		2,772	
Electricity		9,961	
Natural Gas		1,891	
Office Supplies		330	
Water and Sewer		708	
Other Supplies and Materials		153	
Other Charges		4,284	
Total Civil Defense			51,505

Rescue Squad

Contributions	\$	8,000	
Total Rescue Squad			8,000

County Coroner/Medical Examiner

Other Charges	\$	120	
Total County Coroner/Medical Examiner			120

Public Health and WelfareLocal Health Center

Social Security	\$	1,530	
Pensions		1,253	
Employer Medicare		358	
Contributions		53,826	
Other Charges		25,452	
Total Local Health Center			82,419

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Other Local Health Services

Medical Personnel	\$	165,213	
Social Security		9,350	
Pensions		10,838	
Medical Insurance		19,160	
Employer Medicare		2,187	
Travel		6,512	
Other Supplies and Materials		338	
Workers' Compensation Insurance		7,354	
Total Other Local Health Services			\$ 220,952

General Welfare Assistance

Contributions	\$	412	
Total General Welfare Assistance			412

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Deputy(ies)	\$	29,688	
Part-time Personnel		19,073	
Social Security		2,877	
Pensions		2,034	
Employer Medicare		673	
Communication		2,784	
Maintenance and Repair Services - Vehicles		2,932	
Travel		5,932	
Utilities		9,096	
Other Supplies and Materials		100	
Workers' Compensation Insurance		1,044	
Total Senior Citizens Assistance			76,233

Libraries

Other Salaries and Wages	\$	27,519	
Social Security		1,719	
Employer Medicare		399	
Communication		2,232	
Postal Charges		50	
Library Books/Media		10,425	
Office Supplies		1,757	
Periodicals		554	
Utilities		4,513	
Other Charges		1,176	
Total Libraries			50,344

Agriculture and Natural ResourcesAgricultural Extension Service

Assistant(s)	\$	15,729	
Supervisor/Director		9,141	
Secretary(ies)		7,577	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Agricultural Extension Service (Cont.)

Social Security	\$	1,876	
Pensions		4,103	
Employer Medicare		432	
Communication		2,488	
Travel		1,304	
Total Agricultural Extension Service			\$ 42,650

Other OperationsTourism

Supervisor/Director	\$	26,500	
Clerical Personnel		21,704	
Social Security		2,862	
Pensions		3,302	
Employer Medicare		669	
Contributions		14,511	
Total Tourism			69,548

Airport

Supervisor/Director	\$	29,564	
Temporary Personnel		22,552	
Part-time Personnel		1,878	
Social Security		3,063	
Pensions		3,570	
Employer Medicare		716	
Communication		3,903	
Maintenance and Repair Services - Buildings		1,009	
Maintenance and Repair Services - Equipment		2,806	
Maintenance and Repair Services - Vehicles		5,143	
Travel		2,378	
Other Contracted Services		2,274	
Diesel Fuel		72,977	
Electricity		16,934	
Gasoline		27,938	
Natural Gas		415	
Office Supplies		277	
Water and Sewer		852	
Other Supplies and Materials		3,916	
Liability Insurance		3,250	
Workers' Compensation Insurance		3,822	
Other Charges		24,591	
Total Airport			233,828

Veterans' Services

Supervisor/Director	\$	38,702	
Social Security		2,400	
Pensions		2,651	
Employer Medicare		561	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Other Operations (Cont.)Veterans' Services (Cont.)

Contracts with Other Public Agencies	\$	399	
Travel		951	
Other Supplies and Materials		229	
Total Veterans' Services			\$ 45,893

Contributions to Other Agencies

Contributions	\$	67,696	
Total Contributions to Other Agencies			67,696

Miscellaneous

Life Insurance	\$	4,479	
Medical Insurance		293,512	
Unemployment Compensation		19,403	
On-behalf Payments to OPEB		3,675	
Other Fringe Benefits		2,400	
Postal Charges		20,496	
Other Supplies and Materials		10,000	
Liability Insurance		100,000	
Trustee's Commission		90,616	
Workers' Compensation Insurance		20,055	
Solid Waste Equipment		30,000	
Total Miscellaneous			594,636

HighwaysHighway and Bridge Maintenance

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

Total General Fund \$ 7,797,557

Solid Waste/Sanitation FundPublic Health and WelfareRecycling Center

Laborers	\$	68,757	
Social Security		3,887	
Pensions		4,534	
Life Insurance		74	
Medical Insurance		7,347	
Employer Medicare		909	
Communication		2,469	
Dues and Memberships		100	
Maintenance and Repair Services - Buildings		195	
Maintenance and Repair Services - Equipment		1,465	
Maintenance and Repair Services - Vehicles		100	
Towing Services		100	
Other Contracted Services		24,090	
Custodial Supplies		1,577	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Diesel Fuel	\$	1,705	
Electricity		2,698	
Equipment and Machinery Parts		5,706	
Gasoline		1,893	
Natural Gas		2,292	
Uniforms		1,837	
Water and Sewer		593	
Other Supplies and Materials		1,352	
Trustee's Commission		2,045	
Vehicle and Equipment Insurance		467	
Workers' Compensation Insurance		5,868	
Other Charges		33,410	
Total Recycling Center			\$ 175,470

Postclosure Care Costs

Other Contracted Services	\$	12,000	
Total Postclosure Care Costs			12,000

Highways

Litter and Trash Collection

Other Supplies and Materials	\$	14,514	
Total Litter and Trash Collection			14,514

Total Solid Waste/Sanitation Fund \$ 201,984

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	50,071	
Medical Personnel		702,752	
Part-time Personnel		6,000	
Overtime Pay		230,631	
Social Security		56,736	
Pensions		65,769	
Life Insurance		309	
Medical Insurance		87,175	
Unemployment Compensation		1,806	
Employer Medicare		13,259	
Communication		12,939	
Contracts with Other Public Agencies		132,263	
Dues and Memberships		905	
Licenses		3,000	
Maintenance and Repair Services - Buildings		470	
Maintenance and Repair Services - Equipment		70	
Maintenance and Repair Services - Vehicles		28,960	
Postal Charges		54	
Towing Services		1,185	

(Continued)

Exhibit J-7

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

Ambulance Service Fund (Cont.)Public Health and Welfare (Cont.)Ambulance/Emergency Medical Services (Cont.)

Travel	\$	865	
Tuition		225	
Disposal Fees		944	
Other Contracted Services		1,672	
Custodial Supplies		2,085	
Diesel Fuel		44,598	
Drugs and Medical Supplies		52,533	
Electricity		4,531	
Equipment and Machinery Parts		16,626	
Gasoline		3,103	
Natural Gas		1,794	
Office Supplies		2,022	
Propane Gas		11,206	
Tires and Tubes		2,630	
Uniforms		327	
Water and Sewer		847	
Other Supplies and Materials		40	
Refunds		9,483	
Trustee's Commission		18,510	
Vehicle and Equipment Insurance		20,000	
Workers' Compensation Insurance		113,437	
Other Charges		5,073	
Motor Vehicles		45,342	
Total Ambulance/Emergency Medical Services			\$ 1,752,247

Total Ambulance Service Fund \$ 1,752,247

Drug Control FundPublic SafetyOther Public Safety

Confidential Drug Enforcement Payments	\$	1,000	
Maintenance and Repair Services - Vehicles		7,396	
Travel		1,631	
Veterinary Services		1,101	
Animal Food and Supplies		2,613	
Other Supplies and Materials		3,847	
Trustee's Commission		622	
Other Charges		4,951	
Law Enforcement Equipment		19,465	
Maintenance Equipment		7,850	
Motor Vehicles		27,126	
Total Other Public Safety			\$ 77,602

Total Drug Control Fund 77,602

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees FundAdministration of JusticeChancery Court

Special Commissioner Fees/Special Master Fees	\$ 1,020	
Total Chancery Court		\$ 1,020

Total Constitutional Officers - Fees Fund \$ 1,020

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 70,228	
Clerical Personnel	31,111	
Overtime Pay	683	
Social Security	6,123	
Pensions	6,913	
Unemployment Compensation	270	
Employer Medicare	1,432	
Dues and Memberships	2,759	
Postal Charges	107	
Custodial Supplies	135	
Office Supplies	670	
Uniforms	8,140	
Total Administration		\$ 128,571

Highway and Bridge Maintenance

Equipment Operators	\$ 14,150	
Truck Drivers	34,443	
Laborers	403,180	
Overtime Pay	47,538	
Social Security	27,883	
Pensions	31,941	
Unemployment Compensation	3,844	
Employer Medicare	6,521	
Rentals	10,000	
Other Contracted Services	562	
Asphalt - Cold Mix	63,416	
Asphalt - Hot Mix	145,281	
Concrete	1,993	
Crushed Stone	132,227	
Other Road Materials	8,080	
Pipe - Metal	22,299	
Road Signs	350	
Wood Products	292	
Total Highway and Bridge Maintenance		954,000

Operation and Maintenance of Equipment

Foremen	\$ 56,100	
Mechanic(s)	68,534	
Social Security	6,858	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment (Cont.)

Pensions	\$	8,341	
Unemployment Compensation		717	
Employer Medicare		1,604	
Maintenance and Repair Services - Equipment		3,620	
Towing Services		300	
Other Contracted Services		2,077	
Diesel Fuel		48,132	
Equipment and Machinery Parts		108,061	
Garage Supplies		2,238	
Gasoline		16,139	
Lubricants		8,716	
Propane Gas		1,126	
Tires and Tubes		16,592	
Other Supplies and Materials		4,479	
Total Operation and Maintenance of Equipment			\$ 353,634

Other Charges

Communication	\$	6,369	
Electricity		7,280	
Natural Gas		767	
Water and Sewer		638	
Trustee's Commission		19,430	
Vehicle and Equipment Insurance		25,200	
Other Charges		18,268	
Total Other Charges			77,952

Employee Benefits

Employee and Dependent Insurance	\$	63,777	
Life Insurance		461	
Workers' Compensation Insurance		55,106	
Total Employee Benefits			119,344

Capital Outlay

State Aid Projects	\$	164,455	
Total Capital Outlay			164,455

Principal on DebtHighways and Streets

Principal on Notes	\$	312,955	
Total Highways and Streets			312,955

Interest on DebtHighways and Streets

Interest on Notes	\$	27,824	
Total Highways and Streets			27,824

Total Highway/Public Works Fund \$ 2,138,735

(Continued)

Exhibit J-7

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

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$ 155,000	
Principal on Other Loans	679,000	
Total General Government		\$ 834,000

Interest on DebtGeneral Government

Interest on Bonds	\$ 81,095	
Interest on Other Loans	58,356	
Total General Government		139,451

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 12,745	
Other Debt Service	140,031	
Total General Government		152,776

Total General Debt Service Fund \$ 1,126,227

Rural Debt Service FundPrincipal on DebtEducation

Principal on Bonds	\$ 475,000	
Principal on Notes	288,000	
Principal on Other Loans	166,000	
Total Education		\$ 929,000

Interest on DebtEducation

Interest on Bonds	\$ 192,431	
Interest on Notes	1,657	
Interest on Other Loans	3,730	
Total Education		197,818

Other Debt ServiceEducation

Trustee's Commission	\$ 16,768	
Other Debt Service	11,475	
Total Education		28,243

Total Rural Debt Service Fund 1,155,061

General Capital Projects FundGeneral GovernmentCounty Buildings

Building Improvements	\$ 7,158	
Heating and Air Conditioning Equipment	2,795	
Maintenance Equipment	10,510	
Total County Buildings		\$ 20,463

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)

Finance

Accounting and Budgeting

Data Processing Equipment	\$	1,360	
Office Equipment		<u>200</u>	
Total Accounting and Budgeting			\$ 1,560

Property Assessor's Office

Building Improvements	\$	<u>4,656</u>	
Total Property Assessor's Office			4,656

County Clerk's Office

Building Improvements	\$	<u>1,571</u>	
Total County Clerk's Office			1,571

Administration of Justice

General Sessions Court

Other Supplies and Materials	\$	<u>9,800</u>	
Total General Sessions Court			9,800

Chancery Court

Communication Equipment	\$	<u>4,405</u>	
Total Chancery Court			4,405

Public Safety

Sheriff's Department

Motor Vehicles	\$	<u>80,000</u>	
Total Sheriff's Department			80,000

Public Health and Welfare

Local Health Center

Other Charges	\$	2,682	
Building Improvements		<u>46,207</u>	
Total Local Health Center			48,889

Ambulance/Emergency Medical Services

Motor Vehicles	\$	<u>45,000</u>	
Total Ambulance/Emergency Medical Services			45,000

Other Operations

Airport

Airport Improvement	\$	<u>10,212</u>	
Total Airport			10,212

Highways

Capital Outlay

Trustee's Commission	\$	<u>5,970</u>	
Total Capital Outlay			5,970

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)

Capital Projects

Highway and Street Capital Projects

Right-of-Way	\$ 1,080	
Total Highway and Street Capital Projects		\$ 1,080

Total General Capital Projects Fund		\$ 233,606
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Education Capital Projects Fund

Principal on Debt

General Government

Principal on Other Loans	\$ 108,599	
Total General Government		\$ 108,599

Capital Projects - Donated

Capital Projects Donated to School Department

Building Improvements	\$ 65,824	
Motor Vehicles	192,042	
Total Capital Projects Donated to School Department		257,866

Total Education Capital Projects Fund		366,465
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Total Governmental Funds - Primary Government		\$ 14,850,504
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Exhibit J-8

Scott County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Scott County School Department
For the Year Ended June 30, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,779,558	
Career Ladder Program		49,087	
Career Ladder Extended Contracts		13,500	
Homebound Teachers		41,384	
Educational Assistants		433,686	
Other Salaries and Wages		390,790	
Certified Substitute Teachers		128,535	
Social Security		457,341	
Pensions		683,287	
Life Insurance		10,519	
Medical Insurance		1,201,540	
Unemployment Compensation		10,807	
Employer Medicare		106,958	
Other Fringe Benefits		4,500	
Other Contracted Services		6,903	
Instructional Supplies and Materials		171,752	
Textbooks		211,398	
Other Charges		5,396	
Regular Instruction Equipment		274,100	
Total Regular Instruction Program			\$ 10,981,041

Alternative Instruction Program

Teachers	\$	36,694	
Educational Assistants		13,680	
Social Security		2,587	
Pensions		4,248	
Medical Insurance		8,793	
Unemployment Compensation		131	
Employer Medicare		605	
Total Alternative Instruction Program			66,738

Special Education Program

Teachers	\$	787,951	
Career Ladder Program		5,000	
Homebound Teachers		39,366	
Educational Assistants		127,825	
Certified Substitute Teachers		18,574	
Social Security		56,411	
Pensions		83,469	
Medical Insurance		98,418	
Unemployment Compensation		1,563	
Employer Medicare		13,193	
Other Contracted Services		53,567	
Instructional Supplies and Materials		14,986	
Other Supplies and Materials		14,144	
Special Education Equipment		842	
Total Special Education Program			1,315,309

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	414,346	
Career Ladder Program		3,000	
Educational Assistants		39,995	
Social Security		26,953	
Pensions		40,541	
Medical Insurance		53,484	
Unemployment Compensation		650	
Employer Medicare		6,303	
T&I Construction Materials		600	
Total Vocational Education Program			\$ 585,872

Support Services

Attendance

Supervisor/Director	\$	51,534	
Career Ladder Program		833	
Social Security		3,247	
Pensions		4,734	
Unemployment Compensation		48	
Employer Medicare		759	
Travel		2,100	
Other Supplies and Materials		76	
Other Charges		650	
Total Attendance			63,981

Health Services

Supervisor/Director	\$	47,744	
Medical Personnel		47,744	
Other Salaries and Wages		99,918	
Social Security		11,798	
Pensions		14,362	
Medical Insurance		9,453	
Unemployment Compensation		384	
Employer Medicare		2,759	
Travel		13,425	
Other Supplies and Materials		14,282	
Other Charges		4,406	
Total Health Services			266,275

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		204,433	
Secretary(ies)		21,658	
Social Security		13,253	
Pensions		20,227	
Medical Insurance		33,825	
Unemployment Compensation		236	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Employer Medicare	\$	3,100	
Travel		1,939	
Total Other Student Support			\$ 301,671

Regular Instruction Program

Supervisor/Director	\$	64,575	
Career Ladder Program		8,625	
Librarians		324,808	
Secretary(ies)		11,346	
Other Salaries and Wages		10,000	
Social Security		23,951	
Pensions		36,791	
Medical Insurance		54,012	
Unemployment Compensation		390	
Employer Medicare		5,599	
Travel		14,984	
Library Books/Media		18,351	
In Service/Staff Development		33,529	
Other Charges		20,456	
Other Equipment		9,400	
Total Regular Instruction Program			636,817

Special Education Program

Supervisor/Director	\$	64,625	
Career Ladder Program		1,000	
Psychological Personnel		45,639	
Secretary(ies)		25,808	
Social Security		8,027	
Pensions		11,841	
Medical Insurance		10,532	
Unemployment Compensation		142	
Employer Medicare		1,877	
Travel		13,468	
Other Supplies and Materials		178	
Total Special Education Program			183,137

Vocational Education Program

Supervisor/Director	\$	49,007	
Social Security		2,964	
Pensions		4,430	
Medical Insurance		7,028	
Unemployment Compensation		46	
Employer Medicare		693	
Total Vocational Education Program			64,168

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Other Programs

On-behalf Payments to OPEB	\$	74,400	
Total Other Programs			\$ 74,400

Board of Education

Secretary to Board	\$	24,975	
Board and Committee Members Fees		39,900	
Social Security		4,022	
Pensions		2,622	
Medical Insurance		3,060	
Unemployment Compensation		267	
Employer Medicare		941	
Audit Services		5,850	
Dues and Memberships		13,531	
Legal Services		3,213	
Travel		12,028	
Other Contracted Services		65,545	
Other Supplies and Materials		2,565	
Liability Insurance		772	
Trustee's Commission		97,787	
Workers' Compensation Insurance		154,722	
Other Charges		30,566	
Total Board of Education			462,366

Director of Schools

County Official/Administrative Officer	\$	76,922	
Career Ladder Program		1,000	
Secretary(ies)		24,975	
Social Security		6,103	
Pensions		8,212	
Medical Insurance		19,970	
Unemployment Compensation		96	
Employer Medicare		1,427	
Communication		41,493	
Postal Charges		1,101	
Travel		3,953	
Office Supplies		6,408	
Other Charges		3,712	
Total Director of Schools			195,372

Office of the Principal

Principals	\$	325,196	
Career Ladder Program		3,833	
Assistant Principals		122,995	
Secretary(ies)		125,859	
Social Security		34,022	
Pensions		49,473	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Medical Insurance	\$	44,608	
Unemployment Compensation		681	
Employer Medicare		7,957	
Communication		19,373	
Travel		131	
Total Office of the Principal			\$ 734,128

Operation of Plant

Supervisor/Director	\$	26,320	
Custodial Personnel		314,478	
Social Security		20,638	
Pensions		23,035	
Medical Insurance		20,575	
Unemployment Compensation		999	
Employer Medicare		4,827	
Disposal Fees		20,804	
Other Contracted Services		7,424	
Electricity		583,215	
Natural Gas		83,857	
Water and Sewer		77,212	
Other Supplies and Materials		107,209	
Building and Contents Insurance		163,397	
Other Charges		21,893	
Plant Operation Equipment		12,574	
Total Operation of Plant			1,488,457

Maintenance of Plant

Maintenance Personnel	\$	131,247	
Social Security		8,079	
Pensions		8,990	
Medical Insurance		10,980	
Unemployment Compensation		270	
Employer Medicare		1,889	
Other Contracted Services		330	
Other Supplies and Materials		94,850	
Other Charges		4,801	
Building Improvements		6,050	
Total Maintenance of Plant			267,486

Transportation

Supervisor/Director	\$	23,957	
Mechanic(s)		39,650	
Bus Drivers		576,429	
Social Security		39,749	
Pensions		38,221	
Medical Insurance		3,060	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Unemployment Compensation	\$	2,221	
Employer Medicare		9,296	
Maintenance and Repair Services - Vehicles		24,859	
Towing Services		2,540	
Other Contracted Services		1,121	
Custodial Supplies		246	
Diesel Fuel		87,745	
Gasoline		11,200	
Propane Gas		289	
Tires and Tubes		17,038	
Vehicle Parts		93,425	
Other Supplies and Materials		977	
Other Charges		27,443	
Total Transportation			\$ 999,466

Central and Other

Supervisor/Director	\$	43,576	
Other Salaries and Wages		127,585	
Social Security		10,082	
Pensions		9,752	
Medical Insurance		13,825	
Unemployment Compensation		340	
Employer Medicare		2,358	
Total Central and Other			207,518

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	31,264	
Social Security		1,913	
Pensions		2,826	
Medical Insurance		5,860	
Unemployment Compensation		24	
Employer Medicare		447	
Travel		3,616	
Instructional Supplies and Materials		5,437	
Other Charges		272	
Total Community Services			51,659

Early Childhood Education

Supervisor/Director	\$	31,264	
Teachers		409,191	
Educational Assistants		157,131	
Other Salaries and Wages		17,418	
Certified Substitute Teachers		13,356	
Social Security		37,254	
Pensions		51,763	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Medical Insurance	\$	55,969	
Unemployment Compensation		1,150	
Employer Medicare		8,743	
Travel		4,841	
Instructional Supplies and Materials		117,236	
In Service/Staff Development		17,431	
Total Early Childhood Education			\$ 922,747

Capital Outlay

Regular Capital Outlay

Building Construction	\$	4,454	
Building Improvements		150,721	
Total Regular Capital Outlay			155,175

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	355,629	
Total Education			<u>355,629</u>

Total General Purpose School Fund \$ 20,379,412

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	618,695	
Educational Assistants		162,292	
Non-certified Substitute Teachers		19,828	
Social Security		46,566	
Pensions		66,982	
Medical Insurance		107,473	
Unemployment Compensation		1,354	
Employer Medicare		10,891	
Instructional Supplies and Materials		57,083	
Regular Instruction Equipment		18,352	
Total Regular Instruction Program			\$ 1,109,516

Special Education Program

Teachers	\$	159,853	
Educational Assistants		241,438	
Non-certified Substitute Teachers		306	
Social Security		24,164	
Pensions		30,990	
Medical Insurance		41,859	
Unemployment Compensation		964	
Employer Medicare		5,651	
Other Contracted Services		45,099	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	198	
Other Supplies and Materials		764	
Total Special Education Program			\$ 551,286

Vocational Education Program

Instructional Supplies and Materials	\$	7,205	
Vocational Instruction Equipment		47,202	
Total Vocational Education Program			54,407

Support Services

Other Student Support

Travel	\$	1,390	
In Service/Staff Development		4,836	
Other Charges		14,481	
Total Other Student Support			20,707

Regular Instruction Program

Supervisor/Director	\$	65,848	
Secretary(ies)		13,610	
Other Salaries and Wages		76,816	
Social Security		8,555	
Pensions		14,733	
Medical Insurance		28,821	
Unemployment Compensation		197	
Employer Medicare		2,001	
Other Supplies and Materials		565	
In Service/Staff Development		37,923	
Total Regular Instruction Program			249,069

Special Education Program

Psychological Personnel	\$	42,526	
Social Security		2,495	
Pensions		3,775	
Unemployment Compensation		48	
Employer Medicare		584	
Other Supplies and Materials		1,950	
In Service/Staff Development		8,096	
Total Special Education Program			59,474

Vocational Education Program

Travel	\$	1,327	
In Service/Staff Development		1,147	
Total Vocational Education Program			2,474

Transportation

Bus Drivers	\$	30,220	
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(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Social Security	\$	1,874	
Pensions		2,123	
Unemployment Compensation		90	
Employer Medicare		438	
Total Transportation			\$ 34,745

Total School Federal Projects Fund \$ 2,081,678

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	50,280	
Cafeteria Personnel		561,076	
Other Salaries and Wages		19,426	
In-service Training		6,103	
Social Security		38,421	
Pensions		40,247	
Medical Insurance		17,059	
Unemployment Compensation		2,251	
Employer Medicare		8,986	
Travel		3,983	
Food Preparation Supplies		8,047	
Food Supplies		921,287	
USDA - Commodities		44,066	
Other Supplies and Materials		128,982	
Other Charges		9,207	
Food Service Equipment		281,746	
Total Food Service			\$ 2,141,167

Total Central Cafeteria Fund 2,141,167

Total Governmental Funds - Scott County School Department \$ 24,602,257

Exhibit J-9

Scott County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2016

	Cities - Sales Tax Fund	Special School District Fund	City School ADA - Oneida Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 370,138	\$ 694,273	\$ 1,064,411
Discounts on Property Taxes	0	(4,026)	(7,365)	(11,391)
Trustee's Collections - Prior Years	0	32,290	53,668	85,958
Circuit/Clerk and Master Collections - Prior Years	0	6,219	30,175	36,394
Interest and Penalty	0	3,490	10,358	13,848
Payments in-Lieu-of-Taxes - Local Utilities	0	73,272	99,403	172,675
Local Option Sales Tax	1,635,301	0	610,306	2,245,607
Interstate Telecommunications Tax	0	0	599	599
Marriage Licenses	0	0	268	268
Other Local Revenues	0	0	32	32
Mixed Drink Tax	0	0	110	110
Total Cash Receipts	<u>\$ 1,635,301</u>	<u>\$ 481,383</u>	<u>\$ 1,491,827</u>	<u>\$ 3,608,511</u>
<u>Cash Disbursements</u>				
Remittance of Revenue Collected	\$ 1,618,948	\$ 476,061	\$ 1,470,532	\$ 3,565,541
Trustee's Commission	16,353	9,646	23,608	49,607
Total Cash Disbursements	<u>\$ 1,635,301</u>	<u>\$ 485,707</u>	<u>\$ 1,494,140</u>	<u>\$ 3,615,148</u>
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (4,324)	\$ (2,313)	\$ (6,637)
Cash Balance, July 1, 2015	0	6,157	59,613	65,770
Cash Balance, June 30, 2016	<u>\$ 0</u>	<u>\$ 1,833</u>	<u>\$ 57,300</u>	<u>\$ 59,133</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

**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

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, 2016, and the related notes to the financial statements, which collectively comprise Scott County's basic financial statements, and have issued our report thereon dated September 20, 2016.

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 a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2016-002.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2016-001.

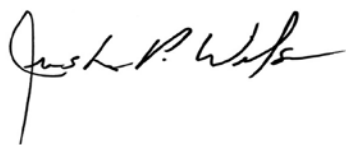
Scott County's Responses to Findings

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 responses 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 results 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 20, 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

**Independent Auditor's 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 Uniform Guidance**

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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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.

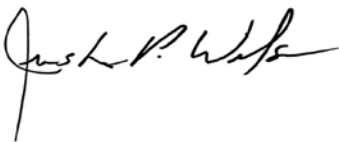
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise Scott County's basic financial statements. We issued our report thereon dated September 20, 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 the Uniform Guidance 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 horizontal stroke at the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 20, 2016

JPW/yu

Scott County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)(2)
For the Year Ended June 30, 2016

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:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 44,066 (4)
Passed-through State Department of Education:			
Fresh Fruit and Vegetable Program	10.582	N/A	108,194
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	462,199
National School Lunch Program	10.555	N/A	1,296,200 (4)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-16-45179-00	15,804
Total U.S. Department of Agriculture			<u>\$ 1,926,463</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	(3)	\$ 33,438
Total U.S. Department of Housing and Urban Development			<u>\$ 33,438</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 152,420
Total Bureau of Land Management, Department of the Interior			<u>\$ 152,420</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Violence Against Women Formula Grants - Recovery Act	16.588	(3)	\$ 44,460
Total U.S. Department of Justice			<u>\$ 44,460</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(3)	\$ 9,019
Total U.S. Department of Transportation			<u>\$ 9,019</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,174,381
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	625,612
Special Education - Preschool Grants	84.173	N/A	26,892
Career and Technical Education - Basic Grants to States	84.048	N/A	63,107
Rural Education	84.358	N/A	52,962
Improving Teacher Quality State Grants	84.367	N/A	165,724
Total U.S. Department of Education			<u>\$ 2,108,678</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-16-45179-00	\$ 1,808
Family Planning Services	93.217	GG-16-45179-00	3,814
National State Based Tobacco Control Programs	93.305	GG-16-45179-00	5,553
Medical Assistance Program	93.778	GG-16-45179-00	23,045
HIV Prevention Activities - Health Department Based	93.940	GG-16-45179-00	156
Maternal and Child Health Services Block Grant to the States	93.994	(5)	25,091
Total U.S. Department of Health and Human Services			<u>\$ 59,467</u>

(Continued)

Scott County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1)(2) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(3)	\$ 95,329
Emergency Management Performance Grants	97.042	(3)	18,984
Homeland Security Grant Program	97.067	(3)	4,708
Total U.S. Department of Homeland Security			<u>\$ 119,021</u>
Total Expenditures of Federal Awards			<u>\$ 4,452,966</u>

State Grants		Contract Number	
Juvenile Service Program - State Commission on Children and Youth	N/A	(3)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(3)	31,756
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	(3)	2,542
Agricultural Growth Initiative - State Department of Agriculture	N/A	(3)	449
Airport Maintenance Program - State Department of Transportation	N/A	(3)	6,609
Airport Layout Plan - State Department of Transportation	N/A	(3)	24,591
Health Department Programs - State Department of Health	N/A	(3)	166,434
Health Department Special Needs Funding - State Department of Health	N/A	(3)	50,000
Tobacco Cessation Grant - State Department of Health	N/A	(3)	20,880
ACT Test Funding - State Department of Education	N/A	(3)	5,213
Arts Student Ticket Subsidy - State Department of Education	N/A	(3)	1,330
Connect Tennessee - State Department of Education	N/A	(3)	7,772
Drivers Education - State Department of Education	N/A	(3)	15,752
Energy Efficient School Initiative - State Department of Education	N/A	(3)	3,030
Recovery Court Grant - State Department of Mental Health and Substance Abuse	N/A	(3)	68,051
Coordinated School Health - State Department of Education	N/A	(3)	138,861
Family Resource Center - State Department of Education	N/A	(3)	29,612
Safe Schools - State Department of Education	N/A	(3)	15,576
Early Childhood Education - State Department of Education	N/A	(3)	1,292,440
Used Oil Grant- State Department of Environment and Conservation	N/A	(3)	20,374
Total State Grants			<u>\$ 1,910,272</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) Scott County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.

(3) Information not available.

(4) Total for CFDA No. 10.555 is \$1,340,266.

(5) GG-14-40534-00: \$8,749; GG-16-45179-00: \$16,342.

SUBRECIPIENTS	Federal CFDA Number	Amount Provided to Subrecipient	Subrecipient
Community Development Block Grant	14.218	\$28,500	Town of Huntsville

Scott County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Scott County, Tennessee, for the year ended June 30, 2016.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	200	2015-001	Capital Outlay Notes were not Issued in Compliance with State Statutes	N/A	Corrected
2015	201	2015-002	Some Purchase Orders were Issued after the Purchases were Made	N/A	Corrected
2015	202	2015-003	The School Federal Projects Fund had a Deficit in Unassigned Fund Balance at June 30, 2015	N/A	Corrected
2015	203	2015-004	Airport Employees did not Deposit some Funds within Three Days of Collection	N/A	Corrected
2015	203	2015-005	The Trustee did not Require a Depository to Adequately Collateralize Funds	N/A	Corrected
2015	204	2015-006	Duties were not Segregated Adequately in the Offices of Clerk and Master and Register of Deeds	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	204	2015-007	Multiple Employees Operated from the Same Cash Drawer in the Office of Register of Deeds	N/A	Corrected
2015	205	2015-008	The Sheriff's Office did not Deposit Some Funds within Three Days of Collection	N/A	Corrected

Prior-year Federal Award Findings

There were no prior-year federal award findings to report.

SCOTT COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Scott County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiencies identified? **YES**
3. Noncompliance material to the financial statements noted? **YES**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program, National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

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. Paraphrased written responses for all findings are presented following each finding and recommendation. Management's corrective action plan, whether related to the financial statements or federal awards, is presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. The clerk and master, register of deeds, and finance director provided corrective action plans.

OFFICE OF DIRECTOR OF FINANCE

FINDING 2016-001

THE OFFICE FAILED TO MAKE A SCHEDULED PRINCIPAL PAYMENT ON A CAPITAL OUTLAY NOTE

(Material Noncompliance Under *Government Auditing Standards*)

Our examination of debt transactions revealed that a scheduled principal payment of \$100,000 due in December 2015 was not made in compliance with the repayment provisions authorized for the debt instrument. The failure to make this principal payment was the result of a lack of management oversight and resulted in the county incurring additional interest expense on the note. This additional interest expense exceeded the amount provided for in the county's budget. The overdue principal payment has been reflected as capital outlay notes payable in the financial statements of the Highway/Public Works Fund. The \$100,000 principal payment was made subsequent to June 30, 2016.

RECOMMENDATION

County officials should comply with the repayment provisions authorized for the debt instrument.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur with this finding. The Finance Department failed to make a scheduled principal payment on a capital outlay note.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

FINDING 2016-002

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.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I concur with the finding in the recent audit report for my office. Corrective actions have been implemented.

MANAGEMENT'S RESPONSE – REGISTER OF DEEDS

I agree with the audit finding that we need to segregate our duties.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016. Our audit followed audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Findings relating specifically to the audit of the financial statements of Scott County, Tennessee, are separately presented under Part II, Findings Relating to the Financial Statements.

Scott County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

Corrective Action - Financial Statement Findings

OFFICE OF DIRECTOR OF FINANCE

FINDING 2016-001 **THE OFFICE FAILED TO MAKE A SCHEDULED PRINCIPAL PAYMENT ON A CAPITAL OUTLAY NOTE**

Response and Corrective Action Plan Prepared by:	Ginger Reynolds, Finance Director, Scott County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

The staff member did not understand the rule of repayment provisions authorized for debt instruments. As soon as the error was presented to the Finance Department, the principal payment was made to the bank. The finance director discussed the procedures of the repayment of debt instruments with the staff member. The finance director will be reviewing the debt schedule each month for each fund. The finance staff will attend continuing education courses that pertain to GASB updates and changes to state law pertaining to accounting, purchasing, and budgeting.

OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS

FINDING 2016-002 **DUTIES WERE NOT SEGREGATED ADEQUATELY**

Response and Corrective Action Plan Prepared by:	Jane Lloyd, Clerk and Master; Porter B. Rector, Jr., Register of Deeds
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	Yes

Reason Why Corrective Action was Not Taken – PY

Clerk and Master – A resolution to correct this deficiency was never suggested; therefore this clerk had no idea on how to correct this to the audit's satisfaction.

Register of Deeds - It really didn't hinder or make the office operate in a better manner, but I made these corrections to comply with the state requirement so that federal funds would not be withheld from the county.

Planned Corrective Action:

Clerk and Master:

The clerk and master will be responsible for making bank deposits. In the event the clerk is absent, then the bookkeeper will take deposits to the bank. The bookkeeper shall not issue manual receipts. The chief deputy shall not issue checks. These actions have been in place as of July 1, 2016.

Register of Deeds:

I have segregated employees' duties to conform to the auditor's request. I completed the corrective action the last week of June 2016.