

ANNUAL FINANCIAL REPORT

SCOTT COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
SCOTT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2018

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Scott County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Scott County as of and for the year ended June 30, 2018.

Results

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

Our audit resulted in three 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 School Federal Projects Fund had a cash overdraft of \$63,540 at June 30, 2018.
-

OFFICE OF TRUSTEE

- ◆ The Trustee's Office had operating deficiencies.
-

OFFICE OF CLERK AND MASTER

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

INTRODUCTORY SECTION

Scott County Officials

June 30, 2018

Officials

Dale Perdue, County Mayor
Donald Sexton, Superintendent of Roads
Billy Hall, Director of Schools
Jimmy Byrd, Trustee
Anthony Sexton, Assessor of Property
Patricia Phillips, County Clerk
Donnie Phillips, Circuit and General Sessions Courts Clerk
Mike Potter, 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
Paul Strunk
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
Diane Smith
Kim Kidd
John Thompson

Linda Sharp
Tommy Silcox
Llew Stanley

Audit Committee

Jerry Slaven
Melvin Stephens
Dave Cross

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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, 2018, 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, 2018, and the respective changes in financial position thereof and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Scott County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note 1.D.9. to the financial statements, which describes restatements reducing the beginning Governmental Activities net position by \$63,839, and Aggregate Discretely Presented Component Units net position by \$2,453,442, on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and school changes in the total other postemployment

benefits liability and related ratios, on pages 100-112 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 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), miscellaneous schedules and the other information such as the introductory section and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

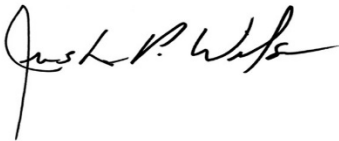
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the major debt service funds, combining and individual fund financial statements of the Scott County School Department (a discretely presented component unit), schedule of expenditures of federal awards, 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, 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), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plan have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Scott County's 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 large initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

Nashville, Tennessee

October 23, 2018

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Scott County, Tennessee
Statement of Net Position
June 30, 2018

	Primary Government Total Governmental Activities	Component Unit Scott County School Department
<u>ASSETS</u>		
Cash	\$ 2,546	\$ 27,066
Equity in Pooled Cash and Investments	5,646,521	9,585,010
Inventories	52,712	0
Accounts Receivable	1,159,531	9,359
Allowance for Uncollectibles	(916,632)	0
Due from Other Governments	1,546,140	1,601,614
Property Taxes Receivable	5,922,177	2,280,931
Allowance for Uncollectible Property Taxes	(329,596)	(126,612)
Net Pension Asset - Agent Plan	814,561	451,268
Net Pension Asset - Teacher Retirement Plan	0	38,740
Net Pension Asset- Teacher Retirement Plan (Legacy)	0	98,816
Capital Assets:		
Assets Not Depreciated:		
Land	1,964,885	910,561
Construction in Progress	32,796	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	11,746,860	16,320,042
Other Capital Assets	1,171,821	1,700,485
Infrastructure	3,211,759	242,431
Total Assets	\$ 32,026,081	\$ 33,139,711
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 0	\$ 60,931
Pension Changes in Assumptions	347,116	1,032,615
Pension Changes in Investment Earnings	0	15,000
Pension Contributions after Measurement Date	434,613	1,241,432
Pension Other Deferrals	0	143,438
OPEB Contributions After Measurement Date	3,662	204,652
Total Deferred Outflows of Resources	\$ 785,391	\$ 2,698,068
<u>LIABILITIES</u>		
Accounts Payable	\$ 772,569	\$ 70,706
Accrued Payroll	62,006	2,627,588
Accrued Interest Payable	24,998	0
Payroll Deductions Payable	0	67,060
Cash Overdraft	0	63,540
Due to State of Tennessee	4,596	0
Other Current Liabilities	0	372,321
Noncurrent Liabilities:		
Due Within One Year	2,009,265	0
Due in More Than One Year	28,577,722	6,554,487
Total Liabilities	\$ 31,451,156	\$ 9,755,702

(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	\$ 5,335,217	\$ 2,055,738
Pension Changes in Experience	555,342	2,350,648
Pension Changes in Investment Earnings	3,733	4,153
Pension Other Deferrals	0	8,554
OPEB Changes in Assumptions	25,966	355,533
Total Deferred Inflows of Resources	<u>\$ 5,920,258</u>	<u>\$ 4,774,626</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 8,353,796	\$ 19,173,519
Restricted for:		
General Government	5,081	0
Administration of Justice	29,373	0
Public Safety	131,286	0
Public Health and Welfare	474,245	0
Social, Cultural, and Recreation	53	0
Highway/Public Works	923,803	0
Debt Service	305,346	0
Capital Projects	373,583	0
Pensions	814,561	588,824
Other Purposes	16,449	0
Education	0	824,317
Unrestricted	<u>(15,987,518)</u>	<u>720,791</u>
Total Net Position	<u>\$ (4,559,942)</u>	<u>\$ 21,307,451</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, 2018

					Net (Expense) Revenue and Changes in Net Position	
					Primary Government Total	Component Unit Scott County School Department
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary Government:						
Governmental Activities:						
General Government	\$ 3,126,597	\$ 357,409	\$ 444,159	\$ 0	\$ (2,325,029)	\$ 0
Finance	891,808	544,495	0	0	(347,313)	0
Administration of Justice	952,700	506,115	97,589	0	(348,996)	0
Public Safety	3,749,513	833,294	406,916	0	(2,509,303)	0
Public Health and Welfare	2,230,674	2,391,235	305,123	0	465,684	0
Social, Cultural, and Recreational Services	132,216	0	0	0	(132,216)	0
Agriculture and Natural Resources	38,327	0	0	0	(38,327)	0
Highways	3,008,521	0	2,648,038	995,340	634,857	0
Interest on Long-term Debt	691,964	0	0	0	(691,964)	0
Total Governmental Activities	\$ 14,822,320	\$ 4,632,548	\$ 3,901,825	\$ 995,340	\$ (5,292,607)	\$ 0
Component Unit:						
Scott County School Department	\$ 25,441,410	\$ 236,946	\$ 4,285,317	\$ 0	\$ 0	\$ (20,919,147)
Total Component Unit	\$ 25,441,410	\$ 236,946	\$ 4,285,317	\$ 0	\$ 0	\$ (20,919,147)

(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					\$ 3,783,446	\$ 2,017,169
Property Taxes Levied for General Debt Services					630,930	0
Property Taxes Levied for Rural Debt Service					775,857	0
Property Taxes Levied for Capital					76,883	0
Local Option Sales Taxes					312,910	1,372,000
Wheel Tax					585,065	0
Litigation Taxes					109,699	0
Business Taxes					153,667	0
Other Taxes					180,571	426
Grants and Contributions Not Restricted to Specific Programs					1,406,833	18,457,096
Unrestricted Investment Income					147,899	930
Miscellaneous					140,351	32,881
Total General Revenues					<u>\$ 8,304,111</u>	<u>\$ 21,880,502</u>
Change in Net Position					\$ 3,011,504	\$ 961,355
Net Position, July 1, 2017					(7,507,607)	22,799,538
Restatement - See Note I. D. 9.					<u>(63,839)</u>	<u>(2,453,442)</u>
Net Position, June 30, 2018					<u><u>\$ (4,559,942)</u></u>	<u><u>\$ 21,307,451</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, 2018

	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	1,842,872	220,607	558,579	1,018,608	1,021,022
Inventories	52,712	0	0	0	0
Accounts Receivable	60,617	1,095,999	0	2,915	0
Allowance for Uncollectibles	0	(916,632)	0	0	0
Due from Other Governments	490,129	0	1,030,954	0	8,333
Due from Other Funds	2,446	0	0	0	0
Property Taxes Receivable	4,300,533	0	0	733,778	807,860
Allowance for Uncollectible Property Taxes	(238,717)	0	0	(40,731)	(45,680)
Total Assets	<u>\$ 6,510,692</u>	<u>\$ 399,974</u>	<u>\$ 1,589,533</u>	<u>\$ 1,714,570</u>	<u>\$ 1,791,535</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 254,509	\$ 23,595	\$ 451,126	\$ 0	\$ 0
Accrued Payroll	752	35,187	26,067	0	0
Due to Other Funds	0	0	0	0	0
Due to State of Tennessee	0	4,596	0	0	0
Total Liabilities	<u>\$ 255,261</u>	<u>\$ 63,378</u>	<u>\$ 477,193</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,875,949	\$ 0	\$ 0	\$ 661,333	\$ 725,899
Deferred Delinquent Property Taxes	173,834	0	0	30,576	33,353
Other Deferred/Unavailable Revenue	35,793	0	823,969	0	0
Total Deferred Inflows of Resources	<u>\$ 4,085,576</u>	<u>\$ 0</u>	<u>\$ 823,969</u>	<u>\$ 691,909</u>	<u>\$ 759,252</u>

(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</u>					
Nonspendable:					
Inventory	\$ 52,712	\$ 0	\$ 0	\$ 0	\$ 0
Restricted:					
Restricted for General Government	5,081	0	0	0	0
Restricted for Administration of Justice	29,373	0	0	0	0
Restricted for Public Safety	17,394	0	0	0	0
Restricted for Public Health and Welfare	0	0	0	0	0
Restricted for Social, Cultural, and Recreational Services	53	0	0	0	0
Restricted for Highways/Public Works	0	0	99,834	0	0
Restricted for Debt Service	0	0	0	282,435	638,337
Restricted for Capital Projects	0	0	0	0	0
Restricted for Other Purposes	16,449	0	0	0	0
Committed:					
Committed for General Government	25,354	0	0	0	0
Committed for Public Health and Welfare	0	336,596	0	0	0
Committed for Other Operations	4,433	0	0	0	0
Committed for Highways/Public Works	0	0	188,537	0	0
Committed for Debt Service	0	0	0	740,226	393,946
Assigned:					
Assigned for Public Safety	20,304	0	0	0	0
Unassigned	1,998,702	0	0	0	0
Total Fund Balances	<u>\$ 2,169,855</u>	<u>\$ 336,596</u>	<u>\$ 288,371</u>	<u>\$ 1,022,661</u>	<u>\$ 1,032,283</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,510,692</u>	<u>\$ 399,974</u>	<u>\$ 1,589,533</u>	<u>\$ 1,714,570</u>	<u>\$ 1,791,535</u>

(Continued)

Exhibit C-1

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 2,446	\$	2,546
Equity in Pooled Cash and Investments	984,833		5,646,521
Inventories	0		52,712
Accounts Receivable	0		1,159,531
Allowance for Uncollectibles	0		(916,632)
Due from Other Governments	16,724		1,546,140
Due from Other Funds	0		2,446
Property Taxes Receivable	80,006		5,922,177
Allowance for Uncollectible Property Taxes	(4,468)		(329,596)
Total Assets	<u>\$ 1,079,541</u>	<u>\$</u>	<u>13,085,845</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 43,339	\$	772,569
Accrued Payroll	0		62,006
Due to Other Funds	2,446		2,446
Due to State of Tennessee	0		4,596
Total Liabilities	<u>\$ 45,785</u>	<u>\$</u>	<u>841,617</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 72,036	\$	5,335,217
Deferred Delinquent Property Taxes	2,728		240,491
Other Deferred/Unavailable Revenue	0		859,762
Total Deferred Inflows of Resources	<u>\$ 74,764</u>	<u>\$</u>	<u>6,435,470</u>

(Continued)

Exhibit C-1

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

	Nonmajor Funds		Total Governmental Funds
	Other Govern- mental Funds		
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$	0	\$ 52,712
Restricted:			
Restricted for General Government		0	5,081
Restricted for Administration of Justice		0	29,373
Restricted for Public Safety		113,892	131,286
Restricted for Public Health and Welfare		474,245	474,245
Restricted for Social, Cultural, and Recreational Services		0	53
Restricted for Highways/Public Works		0	99,834
Restricted for Debt Service		0	920,772
Restricted for Capital Projects		370,855	370,855
Restricted for Other Purposes		0	16,449
Committed:			
Committed for General Government		0	25,354
Committed for Public Health and Welfare		0	336,596
Committed for Other Operations		0	4,433
Committed for Highways/Public Works		0	188,537
Committed for Debt Service		0	1,134,172
Assigned:			
Assigned for Public Safety		0	20,304
Unassigned		0	1,998,702
Total Fund Balances	\$	958,992	\$ 5,808,758
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	1,079,541	\$ 13,085,845

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

Scott County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2018

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)		\$ 5,808,758
(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: construction in Progress	32,796	
Add: infrastructure net of accumulated depreciation	3,211,759	
Add: buildings and improvements net of accumulated depreciation	11,746,860	
Add: other capital assets net of accumulated depreciation	<u>1,171,821</u>	18,128,121
(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	\$ (429,694)	
Less: other loans payable	(19,426,539)	
Less: bonds payable	(8,155,000)	
Less: compensated absences payable	(279,858)	
Less: landfill postclosure care costs	(1,821,769)	
Less: other postemployment benefits liability (OPEB)	(359,857)	
Less: accrued interest payable	(24,998)	
Less: unamortized premium on debt	<u>(114,270)</u>	(30,611,985)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 781,729	
Less: deferred inflows of resources related to pensions	(559,075)	
Add: deferred outflows of resources related to OPEB	3,662	
Less: deferred inflows of resources related to OPEB	<u>(25,966)</u>	200,350
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in governmental funds		814,561
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,100,253</u>
Net position (deficit) of governmental activities (Exhibit A)		<u>\$ (4,559,942)</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, 2018

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	Rural Debt Service
<u>Revenues</u>					
Local Taxes	\$ 4,785,269	\$ 0	\$ 235	\$ 1,210,853	\$ 892,108
Licenses and Permits	47,577	0	0	788	0
Fines, Forfeitures, and Penalties	137,728	0	0	0	0
Charges for Current Services	242,692	1,848,513	0	0	0
Other Local Revenues	444,707	6,950	3,044	144,292	0
Fees Received From County Officials	889,307	0	0	0	0
State of Tennessee	2,364,713	5,000	2,684,554	0	0
Federal Government	580,180	0	278,290	0	0
Other Governments and Citizens Groups	0	0	0	0	365,729
Total Revenues	\$ 9,492,173	\$ 1,860,463	\$ 2,966,123	\$ 1,355,933	\$ 1,257,837
<u>Expenditures</u>					
Current:					
General Government	\$ 1,149,461	\$ 0	\$ 0	\$ 0	\$ 0
Finance	935,247	0	0	0	0
Administration of Justice	951,507	0	0	0	0
Public Safety	3,654,701	0	0	0	0
Public Health and Welfare	340,502	1,710,169	0	0	0
Social, Cultural, and Recreational Services	128,702	0	0	0	0
Agriculture and Natural Resources	42,798	0	0	0	0
Other Operations	1,518,904	0	0	0	0
Highways	235	0	3,181,071	0	0
Debt Service:					
Principal on Debt	0	0	237,684	908,400	611,000
Interest on Debt	0	0	24,342	326,498	187,839
Other Debt Service	0	0	0	148,156	24,075

(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	\$ 2,849	\$ 0	\$ 0
Total Expenditures	<u>\$ 8,722,057</u>	<u>\$ 1,710,169</u>	<u>\$ 3,445,946</u>	<u>\$ 1,383,054</u>	<u>\$ 822,914</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 770,116</u>	<u>\$ 150,294</u>	<u>\$ (479,823)</u>	<u>\$ (27,121)</u>	<u>\$ 434,923</u>
<u>Other Financing Sources (Uses)</u>					
Proceeds from Sale of Capital Assets	\$ 18,135	\$ 0	\$ 8,051	\$ 0	\$ 0
Insurance Recovery	4,025	0	0	0	0
Transfers In	0	0	0	0	22,228
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 22,160</u>	<u>\$ 0</u>	<u>\$ 8,051</u>	<u>\$ 0</u>	<u>\$ 22,228</u>
Net Change in Fund Balances	\$ 792,276	\$ 150,294	\$ (471,772)	\$ (27,121)	\$ 457,151
Fund Balance, July 1, 2017	<u>1,377,579</u>	<u>186,302</u>	<u>760,143</u>	<u>1,049,782</u>	<u>575,132</u>
Fund Balance, June 30, 2018	<u>\$ 2,169,855</u>	<u>\$ 336,596</u>	<u>\$ 288,371</u>	<u>\$ 1,022,661</u>	<u>\$ 1,032,283</u>

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Other Govern- mental Funds	Total Governmental Funds
<hr/>				
<u>Revenues</u>				
Local Taxes	\$	81,991	\$	6,970,456
Licenses and Permits		0		48,365
Fines, Forfeitures, and Penalties		58,403		196,131
Charges for Current Services		230,375		2,321,580
Other Local Revenues		34,407		633,400
Fees Received From County Officials		0		889,307
State of Tennessee		57,364		5,111,631
Federal Government		0		858,470
Other Governments and Citizens Groups		0		365,729
Total Revenues	\$	462,540	\$	17,395,069
<hr/>				
<u>Expenditures</u>				
Current:				
General Government	\$	0	\$	1,149,461
Finance		166		935,413
Administration of Justice		19,703		971,210
Public Safety		74,636		3,729,337
Public Health and Welfare		300,032		2,350,703
Social, Cultural, and Recreational Services		0		128,702
Agriculture and Natural Resources		0		42,798
Other Operations		34,457		1,553,361
Highways		29,763		3,211,069
Debt Service:				
Principal on Debt		0		1,757,084
Interest on Debt		0		538,679
Other Debt Service		0		172,231

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>			
Capital Projects	\$ 803	\$ 3,652	
Total Expenditures	\$ 459,560	\$ 16,543,700	
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,980	\$ 851,369	
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Capital Assets	\$ 0	\$ 26,186	
Insurance Recovery	0	4,025	
Transfers In	0	22,228	
Transfers Out	(22,228)	(22,228)	
Total Other Financing Sources (Uses)	\$ (22,228)	\$ 30,211	
Net Change in Fund Balances	\$ (19,248)	\$ 881,580	
Fund Balance, July 1, 2017	978,240	4,927,178	
Fund Balance, June 30, 2018	\$ 958,992	\$ 5,808,758	

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, 2018

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)		\$ 881,580
(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	\$ 429,278	
Less: current-year depreciation expense	<u>(910,061)</u>	(480,783)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 1,100,253	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(691,709)</u>	408,544
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes 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	237,684	
Add: principal payments on other loans	924,400	
Add: principal payments on bonds	<u>595,000</u>	1,774,114
(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 accrued interest payable	\$ 1,916	
Change in compensated absences payable	(55,943)	
Change in net pension liability/asset	699,380	
Change in deferred outflows related to pensions	(214,450)	
Change in deferred inflows related to pensions	(27,539)	
Change in net OPEB liability (net of restatement)	(13,726)	
Change in deferred outflows related to OPEB (net of restatement)	2,402	
Change in deferred inflows related to OPEB	(25,966)	
Change in landfill postclosure care costs	<u>61,975</u>	428,049
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,011,504</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 and Budget
General Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,785,269	\$ 4,636,717	\$ 4,674,970	\$ 110,299
Licenses and Permits	47,577	36,500	36,500	11,077
Fines, Forfeitures, and Penalties	137,728	166,400	166,400	(28,672)
Charges for Current Services	242,692	338,400	343,400	(100,708)
Other Local Revenues	444,707	370,150	375,844	68,863
Fees Received From County Officials	889,307	848,500	877,500	11,807
State of Tennessee	2,364,713	1,982,364	2,090,218	274,495
Federal Government	580,180	18,000	579,186	994
Total Revenues	\$ 9,492,173	\$ 8,397,031	\$ 9,144,018	\$ 348,155
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 151,420	\$ 175,927	\$ 176,280	\$ 24,860
County Mayor/Executive	183,559	190,694	190,694	7,135
County Attorney	56,271	56,988	56,988	717
Election Commission	148,408	214,753	214,753	66,345
Register of Deeds	164,418	168,405	168,405	3,987
County Buildings	445,385	486,253	472,825	27,440
<u>Finance</u>				
Accounting and Budgeting	301,914	305,025	305,025	3,111
Property Assessor's Office	225,185	228,263	230,137	4,952
County Trustee's Office	166,981	169,263	169,263	2,282
County Clerk's Office	241,167	242,069	243,499	2,332
<u>Administration of Justice</u>				
Circuit Court	293,630	289,900	297,464	3,834
General Sessions Court	473,813	371,765	500,189	26,376
Chancery Court	148,912	152,009	162,087	13,175
District Attorney General	23,152	25,000	25,000	1,848
Office of Public Defender	12,000	12,000	12,000	0
<u>Public Safety</u>				
Sheriff's Department	1,673,702	1,677,083	1,709,384	35,682
Administration of the Sexual Offender Registry	2,091	0	5,000	2,909
Jail	1,655,575	1,635,723	1,694,723	39,148
Juvenile Services	250,045	257,404	258,966	8,921
Fire Prevention and Control	2,000	2,000	2,000	0
Civil Defense	54,956	50,067	55,818	862
Rescue Squad	8,000	8,000	8,000	0
County Coroner/Medical Examiner	8,332	21,659	21,659	13,327
<u>Public Health and Welfare</u>				
Local Health Center	72,858	63,352	78,352	5,494
Other Local Health Services	263,567	309,900	327,999	64,432
General Welfare Assistance	2,602	2,250	2,650	48
Other Local Welfare Services	1,475	244	1,890	415
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	76,897	78,678	87,278	10,381
Libraries	51,805	52,825	52,825	1,020
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	42,798	42,798	42,798	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Other Operations</u>				
Tourism	\$ 70,208	\$ 73,035	\$ 73,035	\$ 2,827
Airport	676,520	301,025	736,025	59,505
Veterans' Services	47,780	48,409	48,409	629
Contributions to Other Agencies	106,845	77,000	114,500	7,655
Miscellaneous	617,551	568,550	618,450	899
<u>Highways</u>				
Highway and Bridge Maintenance	235	235	235	0
Total Expenditures	<u>\$ 8,722,057</u>	<u>\$ 8,358,551</u>	<u>\$ 9,164,605</u>	<u>\$ 442,548</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 770,116</u>	<u>\$ 38,480</u>	<u>\$ (20,587)</u>	<u>\$ 790,703</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 18,135	0	1,548	16,587
Insurance Recovery	4,025	0	0	4,025
Total Other Financing Sources	<u>\$ 22,160</u>	<u>\$ 0</u>	<u>\$ 1,548</u>	<u>\$ 20,612</u>
Net Change in Fund Balance	\$ 792,276	\$ 38,480	\$ (19,039)	\$ 811,315
Fund Balance, July 1, 2017	<u>1,377,579</u>	<u>1,559,948</u>	<u>1,559,948</u>	<u>(182,369)</u>
Fund Balance, June 30, 2018	<u><u>\$ 2,169,855</u></u>	<u><u>\$ 1,598,428</u></u>	<u><u>\$ 1,540,909</u></u>	<u><u>\$ 628,946</u></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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,848,513	\$ 1,632,000	\$ 1,696,010	\$ 152,503
Other Local Revenues	6,950	10,000	10,000	(3,050)
State of Tennessee	5,000	200,000	205,000	(200,000)
Total Revenues	<u>\$ 1,860,463</u>	<u>\$ 1,842,000</u>	<u>\$ 1,911,010</u>	<u>\$ (50,547)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,710,169	\$ 1,840,209	\$ 1,913,219	\$ 203,050
Total Expenditures	<u>\$ 1,710,169</u>	<u>\$ 1,840,209</u>	<u>\$ 1,913,219</u>	<u>\$ 203,050</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 150,294</u>	<u>\$ 1,791</u>	<u>\$ (2,209)</u>	<u>\$ 152,503</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 4,000	\$ (4,000)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,000</u>	<u>\$ (4,000)</u>
Net Change in Fund Balance	\$ 150,294	\$ 1,791	\$ 1,791	\$ 148,503
Fund Balance, July 1, 2017	<u>186,302</u>	<u>186,302</u>	<u>186,302</u>	<u>0</u>
Fund Balance, June 30, 2018	<u>\$ 336,596</u>	<u>\$ 188,093</u>	<u>\$ 188,093</u>	<u>\$ 148,503</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 (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 235	\$ 0	\$ 235	\$ 235	\$ 235	\$ 0
Other Local Revenues	3,044	0	3,044	12,000	13,042	(9,998)
State of Tennessee	2,684,554	0	2,684,554	1,881,000	3,056,372	(371,818)
Federal Government	278,290	0	278,290	100,000	278,290	0
Total Revenues	\$ 2,966,123	\$ 0	\$ 2,966,123	\$ 1,993,235	\$ 3,347,939	\$ (381,816)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 136,363	\$ 0	\$ 136,363	\$ 125,404	\$ 139,756	\$ 3,393
Highway and Bridge Maintenance	2,109,643	175,500	2,285,143	968,475	2,323,511	38,368
Operation and Maintenance of Equipment	389,141	0	389,141	253,276	422,515	33,374
Other Charges	85,070	0	85,070	64,250	92,703	7,633
Employee Benefits	133,298	0	133,298	128,400	138,562	5,264
Capital Outlay	327,556	0	327,556	0	327,556	0
<u>Principal on Debt</u>						
Highways and Streets	237,684	0	237,684	244,512	238,084	400
<u>Interest on Debt</u>						
General Government	0	0	0	22,048	0	0
Highways and Streets	24,342	0	24,342	0	25,185	843
<u>Capital Projects</u>						
Highway and Street Capital Projects	2,849	0	2,849	0	2,849	0
Total Expenditures	\$ 3,445,946	\$ 175,500	\$ 3,621,446	\$ 1,806,365	\$ 3,710,721	\$ 89,275
Excess (Deficiency) of Revenues Over Expenditures	\$ (479,823)	\$ (175,500)	\$ (655,323)	\$ 186,870	\$ (362,782)	\$ (292,541)

(Continued)

Exhibit C-7

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Proceeds from Sale of Capital Assets	\$ 8,051	\$ 0	\$ 8,051	\$ 0	\$ 8,051	\$ 0
Total Other Financing Sources	<u>\$ 8,051</u>	<u>\$ 0</u>	<u>\$ 8,051</u>	<u>\$ 0</u>	<u>\$ 8,051</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (471,772)	\$ (175,500)	\$ (647,272)	\$ 186,870	\$ (354,731)	\$ (292,541)
Fund Balance, July 1, 2017	<u>760,143</u>	<u>0</u>	<u>760,143</u>	<u>769,263</u>	<u>769,263</u>	<u>(9,120)</u>
Fund Balance, June 30, 2018	<u>\$ 288,371</u>	<u>\$ (175,500)</u>	<u>\$ 112,871</u>	<u>\$ 956,133</u>	<u>\$ 414,532</u>	<u>\$ (301,661)</u>

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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,074,553
Equity in Pooled Cash and Investments	186,800
Accounts Receivable	10,584
Due from Other Governments	408,523
Property Taxes Receivable	1,612,030
Allowance for Uncollectible Taxes	<u>(89,399)</u>
Total Assets	<u><u>\$ 3,203,091</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,997,850
Due to Litigants, Heirs, and Others	1,075,209
Due to Joint Ventures	<u>130,032</u>
Total Liabilities	<u><u>\$ 3,203,091</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, 2018

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. In addition, the financial statements of the Scott County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2018.

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 amortized cost using a stable net asset value. 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 acquisition 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 assumptions, pension changes in investment earnings, employer contributions made to the pension plan after the measurement date, pension-other deferrals, and OPEB contributions made after the measurement date.

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

6. **Compensated Absences**

It is the primary government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The discretely presented School Department's policy allows employees to

accumulate sick pay benefits but not vacation benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the government, except upon retirement as discussed in Note V.I. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and are 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.

As of June 30, 2018, Scott County had \$18,260,401 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.

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

9. Restatement

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Scott County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities of the Primary Government and the Discretely Presented Scott County School Department totaling \$63,839 and \$2,453,442, respectively, have been recognized to account for the transitional requirements.

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. 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, 2018, Scott County reported outstanding encumbrances in the following budgeted fund:

<u>Fund</u>	<u>Amount</u>
Primary Government	
Major Fund:	
Highway/Public Works	\$ 175,500

B. Cash Overdraft

The discretely presented School Department's School Federal Projects Fund had a cash overdraft of \$63,540 at June 30, 2018. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2018.

C. The County Had Deposits Exposed to Custodial Credit Risk

The clerk and master did not require one depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2018, deposits at this depository exceeded FDIC coverage and collateral securities pledged by \$167,889. Section 5-8-201, *Tennessee Code Annotated*, requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

D. Results of Investigations

The Comptroller of the Treasury, Division of Investigations is conducting multiple investigations related to allegations received involving various offices and departments in Scott County. Reports, if any, resulting from these investigations can be found on the Comptroller of the Treasury's website, <https://www.comptroller.tn.gov/ia/> and may be disclosed in subsequent reports.

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.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Scott County's deposits may not be returned to it. Scott County does not have a formal policy that limits custodial credit risk for deposits. As of June 30, 2018, bank balances of \$167,889 were uninsured and uncollateralized in the Clerk and Master's Office. Uninsured and uncollateralized deposits are a violation of state statute.

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, 2018.

B. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

Primary Government - Governmental Activities

	Balance				Balance
	7-1-17	Increases	Decreases		6-30-18
Capital Assets Not Depreciated:					
Land	\$ 1,964,885	\$ 0	\$ 0	\$	1,964,885
Construction in Progress	0	32,796	0		32,796
Total Capital Assets Not Depreciated	\$ 1,964,885	\$ 32,796	\$ 0	\$	1,997,681
Capital Assets Depreciated:					
Buildings and Improvements	\$ 19,268,249	\$ 0	\$ (83,957)	\$	19,184,292
Infrastructure	3,924,049	253,762	0		4,177,811
Other Capital Assets	5,723,132	142,720	(92,138)		5,773,714
Total Capital Assets Depreciated	\$ 28,915,430	\$ 396,482	\$ (176,095)	\$	29,135,817
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 7,060,352	\$ 461,037	\$ (83,957)	\$	7,437,432
Infrastructure	866,893	99,159	0		966,052
Other Capital Assets	4,344,166	349,865	(92,138)		4,601,893
Total Accumulated Depreciation	\$ 12,271,411	\$ 910,061	\$ (176,095)	\$	13,005,377
Total Capital Assets Depreciated, Net	\$ 16,644,019	\$ (513,579)	\$ 0	\$	16,130,440
Governmental Activities Capital Assets, Net	\$ 18,608,904	\$ (480,783)	\$ 0	\$	18,128,121

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

Governmental Activities:

General Government	\$ 426,921
Finance	4,116
Administration of Justice	2,714
Public Safety	228,641
Public Health and Welfare	91,679
Social, Cultural, and Recreational Services	5,720
Highways	<u>150,270</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 910,061</u></u>

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

	Balance 7-1-17	Increases	Balance 6-30-18
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	\$ 29,783,432	\$ 0	\$ 29,783,432
Infrastructure	6,900	250,725	257,625
Other Capital Assets	<u>5,737,455</u>	<u>555,297</u>	<u>6,292,752</u>
Total Capital Assets Depreciated	<u>\$ 35,527,787</u>	<u>\$ 806,022</u>	<u>\$ 36,333,809</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 12,725,124	\$ 738,266	\$ 13,463,390
Infrastructure	805	14,389	15,194
Other Capital Assets	<u>4,346,782</u>	<u>245,485</u>	<u>4,592,267</u>
Total Accumulated Depreciation	<u>\$ 17,072,711</u>	<u>\$ 998,140</u>	<u>\$ 18,070,851</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,455,076</u>	<u>\$ (192,118)</u>	<u>\$ 18,262,958</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 19,365,637</u></u>	<u><u>\$ (192,118)</u></u>	<u><u>\$ 19,173,519</u></u>

There were no decreases in capital assets to report for the year.

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

Governmental Activities:

Instruction	\$ 7,435
Support Services	882,490
Operation of Non-instructional Services	<u>108,215</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 998,140</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 2,446

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2018, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u> Rural Debt Service Fund
Nonmajor governmental funds	\$ <u>22,228</u>
Total	<u>\$ 22,228</u>

Discretely Presented Scott County School Department

Transfer Out	Transfer In
	General
	Purpose
	School
	Fund
Nonmajor governmental funds	\$ 15,000

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.

D. 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 and will now expire August 31, 2034. 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. Payments under this agreement were \$113,942 for the year ended June 30, 2018. Future minimum lease payments under the agreement are as follows.

Year Ending June 30	Amount
2019	\$ 116,971
2020	119,711
2021	122,703
2022	125,771
2023	128,915
2024-2034	<u>1,649,527</u>
Total	<u>\$ 2,263,598</u>

E. 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 six 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, 2018, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Bonds	3 to 4.5	%	6-1-28	\$ 1,250,000	\$ 850,000
General Obligation Bonds - Refunding	2 to 3.4		6-1-35	9,610,000	7,305,000
Capital Outlay Notes	2.94 to 3.59		2-8-22	1,000,000	429,694
Other Loans	Variable		5-25-35	27,594,938	19,426,539

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, 2018:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-18	Interest Type	Interest Rates as of 6-30-18	Other Fees on Variable Rate Debt
-------------	--------------------------------------------	-------------------------------------	------------------	---------------------------------------	----------------------------------------------

Montgomery County Public
Building Authority

Building and Equipment	\$ 1,000,000	\$ 193,200	Variable	1.59%	1.18%
Various School Projects	3,000,000	968,000	Variable	1.66%	0.76%
Justice Center	9,654,938 (1)	7,222,938	Variable	1.66%	0.66%

City of Clarksville Public
Building Authority

School Renovations and Improvements	13,940,000	<u>11,042,401</u>	Variable	1.56%	0.66%
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Total \$ 19,426,539

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

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2018, including interest and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2024-2028	4,325,000	540,939	4,865,939
2029-2033	780,000	50,573	830,573
2034-3035	75,000	3,910	78,910
Total	<u><u>\$ 8,155,000</u></u>	<u><u>\$ 1,620,590</u></u>	<u><u>\$ 9,775,590</u></u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 127,197	\$ 13,751	\$ 140,948
2020	100,170	9,222	109,392
2021	103,827	5,566	109,393
2022	98,500	1,777	100,277
Total	\$ 429,694	\$ 30,316	\$ 460,010

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 967,300	\$ 311,303	\$ 130,353	\$ 1,408,956
2020	1,013,400	295,720	123,468	1,432,588
2021	1,059,500	279,395	116,258	1,455,153
2022	1,038,000	262,331	108,722	1,409,053
2023	1,087,000	245,600	101,671	1,434,271
2024-2028	5,108,000	984,859	407,187	6,500,046
2029-2033	6,520,000	533,122	220,552	7,273,674
2034-3035	2,633,339	54,984	22,898	2,711,221
Total	\$ 19,426,539	\$ 2,967,314	\$ 1,231,109	\$ 23,624,962

There is \$2,054,944 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$86, based on the 2010 federal census for residents living inside the Oneida Special School District and \$424 for residents living outside the Oneida Special School District. Debt per capita, including notes, bonds, other loans, and unamortized debt premiums, totaled \$936 for residents living inside the Oneida Special School District and \$1,332 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, 2018, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2017	\$ 8,750,000	\$ 667,378	\$ 20,350,939
Additions	0	0	0
Reductions	(595,000)	(237,684)	(924,400)
Balance, June 30, 2018	<u>\$ 8,155,000</u>	<u>\$ 429,694</u>	<u>\$ 19,426,539</u>
Balance Due Within One Year	<u>\$ 595,000</u>	<u>\$ 127,197</u>	<u>\$ 967,300</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	* Other Postemployment Benefits
Balance, July 1, 2017	\$ 223,915	\$ 1,883,744	\$ 346,131
Additions	242,432	0	40,952
Reductions	(186,489)	(61,975)	(27,226)
Balance, June 30, 2018	<u>\$ 279,858</u>	<u>\$ 1,821,769</u>	<u>\$ 359,857</u>
Balance Due Within One Year	<u>\$ 223,886</u>	<u>\$ 95,882</u>	<u>\$ 0</u>

* See footnote I.D.9. for restatement.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 30,472,717
Less: Balance Due Within One Year	(2,009,265)
Add: Unamortized Premium on Debt	<u>114,270</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 28,577,722</u>

During the year, the discretely presented Scott County School Department contributed \$365,729 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, 2018, was as follows:

Governmental Activities:	Net Pension Liability	* Other Postemployment Benefits
Balance, July 1, 2017	\$ 1,867,018	\$ 6,539,222
Additions	0	548,605
Reductions	(1,867,018)	(533,340)
Balance, June 30, 2018	<u>\$ 0</u>	<u>\$ 6,554,487</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

* See footnote I.D.9. for restatement

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 6,554,487
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 6,554,487</u>

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

F. 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. Future principal, estimated interest, and estimated fee requirements for the loans totaled \$13,454,882, 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 \$641,337 and \$585,065, respectively. Restricted fund balance in the General Debt Service Fund (\$282,435) represents the cumulative amount that these pledged revenues have exceeded the debt service requirements for the bonds since the inception of the wheel tax.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Scott County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2018, were \$50,252 and \$28,238, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Scott County and the discretely presented Scott County School Department participate in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Scott County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF 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. The state statute provides for the LGGIF 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.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

C. Contingent Liabilities

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

D. 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 \$1,821,769 reported as postclosure care liability at June 30, 2018, represents amounts based on what it would cost to perform all postclosure care in 2018. Actual cost may be different due to inflation, changes in technology, or changes in regulations.

E. 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, 2018, 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

F. 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, 2018.

G. 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 comprise 64.35 percent, the non-certified employees of the discretely presented School Department comprise 35.65 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, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	221
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	418
Active Employees	385
Total	<u>1,024</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Scott County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution for Scott County was \$668,698 based on a rate of 6.84 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 actuarially determined contributions (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, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	5.69	31
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
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 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 (Asset) (a)-(b)
Balance, July 1, 2016	\$ 26,567,616	\$ 26,748,889	\$ (181,273)
Changes for the Year:			
Service Cost	\$ 796,601	\$ 0	\$ 796,601
Interest	2,006,895	0	2,006,895
Differences Between Expected and Actual Experience	(412,439)	0	(412,439)
Changes in Assumptions	674,274	0	674,274
Contributions-Employer	0	664,651	(664,651)
Contributions-Employees	0	491,666	(491,666)
Net Investment Income	0	3,026,444	(3,026,444)
Benefit Payments, Including Refunds of Employee Contributions	(1,211,234)	(1,211,234)	0
Administrative Expense	0	(32,874)	32,874
Other Changes	0	0	0
Net Changes	\$ 1,854,097	\$ 2,938,653	\$ (1,084,556)
Balance, June 30, 2017	\$ 28,421,713	\$ 29,687,542	\$ (1,265,829)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	64.35%	\$ 18,289,372	\$ 19,103,933	\$ (814,561)
School Department	35.65%	10,132,341	10,583,609	(451,268)
Total		\$ 28,421,713	\$ 29,687,542	\$ (1,265,829)

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 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Scott County	6.25%	7.25%	8.25%

Net Pension Liability \$ 2,452,367 \$ (1,265,829) \$ (4,325,472)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2018, Scott County recognized pension expense of \$(32,347).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, 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	\$ 863,001
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	5,801
Changes in Assumptions	539,419	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	668,698	N/A
Total	<u>\$ 1,208,117</u>	<u>\$ 868,802</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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	\$ 781,729	\$ 559,075
School Department	426,388	309,727
Total	<u>\$ 1,208,117</u>	<u>\$ 868,802</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
2019	\$ (374,176)
2020	193,936
2021	3,203
2022	(152,347)
2023	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 64.35 percent and the non-certified employees of the discretely presented School Department comprise 35.65 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 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. 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, 2018, to the Teacher Retirement Plan were \$51,215, 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, 2018, the School Department reported a liability (asset) of (\$38,740) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the 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, 2017, the School Department's proportion was .146833 percent. The proportion as of June 30, 2016, was .150805 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$17,520.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the 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	\$ 1,358	\$ 2,914
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,085
Changes in Assumptions	3,403	0
Changes in Proportion of Net Pension Liability (Asset)	440	731
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	51,215	N/A
Total	\$ 56,416	\$ 5,730

The School Department's employer contributions of \$51,215, 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, 2019. 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
2019	\$ (235)
2020	(235)
2021	(355)
2022	(891)
2023	92
Thereafter	1,099

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 School

Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 7,729	\$ (38,740)	\$ (72,825)

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 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. 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, 2018, to the Teacher Legacy Pension Plan were \$956,132, which is 9.08 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, 2018, the School Department reported a liability (asset) of (\$98,816) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's

proportion of the net pension liability (asset) was based on the 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, 2017, the School Department's proportion was .302019 percent. The proportion measured at June 30, 2016, was .298749 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$47,875.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the 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	\$ 59,573	\$ 2,040,074
Changes in Assumptions	836,909	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	15,000	0
Changes in Proportion of Net Pension Liability (Asset)	142,998	7,823
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	956,132	N/A
Total	<u>\$ 2,010,612</u>	<u>\$ 2,047,897</u>

The School Department's employer contributions of \$956,132 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2019. 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
2019	\$ (660,342)
2020	350,558
2021	(207,928)
2022	(475,706)
2023	0
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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the

TCRS investment policy target asset allocation for each major 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability	\$ 8,866,560	\$ (98,816)	\$ (7,509,289)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$63,555 and teachers contributed \$9,541 to this deferred compensation pension plan.

H. **Other Postemployment Benefits (OPEB)**

Scott County and the discretely presented Scott County School Department provide OPEB benefits to its retirees through state administered public entity risk pools. For reporting purposes the plans are all considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Retirees of Scott County, the Scott County Ambulance Service (Amb) and the Scott County Highway Department (Hwy) are provided healthcare under

separate Local Government Plans (LGPs) until they reach Medicare eligibility. The retirees of Scott County the Scott County Ambulance Service and the Scott County Highway Department may then join the Tennessee Plan – Medicare (TN-Ms), which provides supplemental medical insurance for retirees with Medicare. The primary government’s LGPs are combined and the Primary Government’s TN-Ms are combined for presentation purposes. Likewise, the School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. Certified and noncertified employees of the School Department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare.

The county and the School Department’s total OPEB liability for each plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2107 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	LGP and LEP: Based on the Getzen Model, with trend starting starting 7.5% for the 2018 calendar year, and gradually decreasing 33-year period to an ultimate trend of rate of 3.53 percent with .18% addes to approximate the effect of the excise tax TN-Ms: The premium subsidies provided to retirees are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable
Retirees Share of Benefit	
Related Cost	Discussed under each plan

The discount rate was 3.56%, based on the daily rate of Fidelity’s 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System

(TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Changes in Assumptions. The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

Closed Local Government OPEB Plan (Primary Government)

Plan Description. Employees of Scott County who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. Scott County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with *Tennessee Code Annotated (TCA) 8-27-701* establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own

policy related to direct subsidies provided for the retiree premiums. Scott County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	Scott County	Amb Service	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	0	0	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	0	0	0	0
Active Employees	114	21	16	151
Total	114	21	16	151

An insurance committee, created in accordance with *TCA 8-27-701*, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2018, the county paid \$1,997 (Scott County - \$1,825, Ambulance Service - \$135, Highway Dept - \$37) to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Scott County	Amb. Service	Hwy Dept.	Total OPEB Liability
Balance July 1, 2017	\$ 140,286	\$ 34,414	\$ 20,574	\$ 195,274
Changes for the Year:				
Service Cost	\$ 18,534	\$ 4,074	\$ 2,594	\$ 25,202
Interest	4,638	1,124	677	6,439
Changes in Benefit Terms	0	0	0	
Difference between Expected and Actuarial Experience	0	0	0	0
Changes in Assumption and Other Inputs	(9,407)	(2,572)	(1,018)	(12,997)
Benefit Payments	0	0	0	0
Net Changes	\$ 13,765	\$ 2,626	\$ 2,253	\$ 18,644
Balance June 30, 2018	\$ 154,051	\$ 37,040	\$ 22,827	\$ 213,918

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the county recognized OPEB expense of \$30,373 (Scott County - \$22,267, Ambulance Service - \$4,958, Highway Dept - \$3,148). At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (Scott County \$0, Amb \$0, Hwy \$0)	\$ 0	\$ 0
Changes of Assumptions/Inputs (DI - County \$8,502, Amb \$2,332, Hwy \$895)	0	11,729
Net Difference Between Projected and Benefits Paid After the Measurement Date (DO - County \$1,825, Amb \$135, Hwy \$37)	1,997	0
Total	<u>\$ 1,997</u>	<u>\$ 11,729</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	County	Amb	Hwy	Total Amount
2019	\$ (905)	\$ (240)	\$ (123)	\$ (1,268)
2020	(905)	(240)	(123)	(1,268)
2021	(905)	(240)	(123)	(1,268)
2022	(905)	(240)	(123)	(1,268)
2023	(905)	(240)	(123)	(1,268)
Thereafter	(3,977)	(1,132)	(280)	(5,389)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
County	\$ 168,911	\$ 154,051	\$ 140,594
Amb	41,273	37,040	33,279
Hwy	24,350	22,827	21,391
Total OPEB Liability	<u>\$ 234,534</u>	<u>\$ 213,918</u>	<u>\$ 195,264</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6 to 3.77%	Current Trend Rate 7 to 4.77%	1% Increase 8 to 5.77%
County	\$ 132,178	\$ 154,051	\$ 181,080
Amb	31,216	37,040	44,316
Hwy	20,501	22,827	25,599
Total OPEB Liability	<u>\$ 183,895</u>	<u>\$ 213,918</u>	<u>\$ 250,995</u>

Closed Tennessee Plan – Medicare (Primary Government)

Plan Description. Employees of Scott County who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local governments, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and local education agencies. However, the amounts reflected in this note disclosure pertain only to the Scott County Primary Government. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are

established and amended by cooperation of insurance committees created by *TCA* 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65 are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System (TCRS) may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. Scott County provided a direct subsidy of \$50 for eligible retirees with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$20 for eligible retirees with less than 20 years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	Scott County	Amb Service	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	0	0	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	0	0	0	0
Active Employees	114	21	16	151
Total	114	21	16	151

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* 8-27-201, 8-27-301, and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2018, the county paid \$1,665 (Scott County - \$1,652, Ambulance Service - \$0, Highway Dept - \$13) to the TNM for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Scott County	Amb. Service	Hwy Dept.	Total OPEB Liability
Balance July 1, 2017	\$ 129,462	\$ 11,948	\$ 9,447	\$ 150,857
Changes for the Year:				
Service Cost	\$ 6,270	\$ 855	\$ 601	\$ 7,726
Interest	3,945	374	293	4,612
Changes in Benefit Terms	0	0	0	
Difference between Expected and Actuarial Experience	0	0	0	0
Changes in Assumption and Other Inputs	(13,326)	(1,678)	(991)	(15,995)
Benefit Payments	(1,260)	0	0	(1,260)
Net Changes	<u>\$ (4,371)</u>	<u>\$ (449)</u>	<u>\$ (97)</u>	<u>\$ (4,917)</u>
Balance June 30, 2018	<u>\$ 125,091</u>	<u>\$ 11,499</u>	<u>\$ 9,350</u>	<u>\$ 145,940</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the county recognized OPEB expense of \$10,579 (Scott County - \$8,734, Ambulance Service - \$1,072, Highway Dept - \$773). At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (Scott County \$0, (Amb \$0, Hwy \$0)	\$ 0	\$ 0
Changes of Assumptions/Inputs (DI - County \$11,846, Amb \$1,521, Hwy \$870)	0	14,237
Net Difference Between Projected and Benefits Paid After the Measurement Date (DO - County \$1,652, Amb \$0, Hwy \$13)	<u>1,665</u>	<u>0</u>
Total	<u>\$ 1,665</u>	<u>\$ 14,237</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	County	Amb	Hwy	Total Amount
2019	\$ (1,481)	\$ (157)	\$ (121)	(1,759)
2020	(1,481)	(157)	(121)	(1,759)
2021	(1,481)	(157)	(121)	(1,759)
2022	(1,481)	(157)	(121)	(1,759)
2023	(1,481)	(157)	(121)	(1,759)
Thereafter	(4,442)	(736)	(265)	(5,443)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
County	\$ 146,726	\$ 125,090	\$ 107,364
Amb	14,246	11,499	9,408
Hwy	10,975	9,350	7,979
Total OPEB Liability	<u>\$ 171,947</u>	<u>\$ 145,939</u>	<u>\$ 124,751</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations:

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Scott County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Scott County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. During the year, Scott County provided a direct subsidy of \$257 per month toward the cost of the insurance plan selected by the retiree. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	14
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	384
Total	<u><u>398</u></u>

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the

current reporting period, the School Department paid \$161,773 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability			
	Scott County School Department 73.657%	State of TN 26.343%		Total OPEB Liability
Balance July 1, 2017	\$ 4,905,972	\$ 1,754,593	\$	6,660,565
Changes for the Year:				
Service Cost	\$ 333,895	\$ 119,416	\$	453,311
Interest	151,049	54,022		205,071
Changes in Benefit Terms	0	0		0
Difference between Expected and Actuarial Experience	0	0		0
Changes in Assumption and Other Inputs	(245,349)	(87,748)		(333,097)
Benefit Payments	(133,928)	(47,899)		(181,827)
Net Changes	\$ 105,667	\$ 37,791	\$	143,458
Balance June 30, 2018	\$ 5,011,639	\$ 1,792,384	\$	6,804,023

The Scott County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Scott County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$165,081 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Scott County School Department's proportionate share of the collective OPEB liability was 73.657% and the State of Tennessee's share was 26.343%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$626,658, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	221,982
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employees and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	161,773	0
Total	<u>\$ 161,773</u>	<u>\$ 221,982</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (23,367)
2020	(23,367)
2021	(23,367)
2022	(23,367)
2023	(23,367)
Thereafter	105,147

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1%	Current Discount Rate	1%
	Decrease		Increase
	2.56%	3.56%	4.56%

Proportionate Share of the Collective Total OPEB Liability	\$ 5,397,624	\$ 5,011,639	\$ 4,642,540
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1%	Curent Rates	1%
	Decrease		Increase
	6.5 to 2.71%	7.5 to 3.71%	8.5 to 4.71%

Proportionate Share of the Collective Total OPEB Liability	\$ 4,388,340	\$ 5,011,639	\$ 5,754,335
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Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Scott County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through two closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in one TNM and noncertified employees participate in another TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers, noncertified employees, and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the

TNM are established and amended by cooperation of insurance committees created by *TCA* 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Scott County School Department provided a direct subsidy of \$50 for eligible retirees (teachers, noncertified employees, and disability participants) with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$25 for eligible retirees with less than 20 years of service. The state, as a governmental nonemployer contributing entity contributes to the premiums of certain eligible retirees (teachers) of local education agencies based on years of service. The State of Tennessee provided a direct subsidy of \$50 for eligible retirees (teachers) with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$25 for eligible retirees with less than 20 years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	School Department - Teachers	School Department - Noncertified Employees	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	67	11	78
Inactive Employees Entitled to But Not Yet Receiving Benefits	13	0	13
Active Employees	384	317	701
Total	464	328	792

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA*s 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2018, the School

Department paid \$42,879 (teachers - \$38,631, noncertified employees -\$4,248) to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

Teacher Plan:

	<u>Share of Collective Liability</u>		
	<u>Scott County</u>	<u>State of</u>	
	<u>School Department</u>	<u>TN</u>	<u>Total OPEB</u>
	<u>55.291%</u>	<u>44.709%</u>	<u>Liability</u>
Balance July 1, 2017	\$ 1,300,349	\$ 1,051,471	\$ 2,351,820
Changes for the Year:			
Service Cost	\$ 38,939	\$ 31,487	\$ 70,426
Interest	38,514	31,142	69,656
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(115,977)	(93,779)	(209,756)
Benefit Payments	(40,639)	(32,861)	(73,500)
Net Changes	<u>\$ (79,163)</u>	<u>\$ (64,011)</u>	<u>\$ (143,174)</u>
Balance June 30, 2018	<u>\$ 1,221,187</u>	<u>\$ 987,459</u>	<u>\$ 2,208,646</u>

Noncertified Employees:

	<u>Total OPEB</u>
	<u>Liability</u>
Balance July 1, 2017	\$ 332,901
Changes for the Year:	
Service Cost	\$ 16,123
Interest	10,144
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	0
Changes in Assumption and Other Inputs	(34,268)
Benefit Payments	(3,240)
Net Changes	<u>\$ (11,241)</u>
Balance June 30, 2018	<u>\$ 321,660</u>

The Scott County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired teachers participating in the TNM. The Scott County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$52,209 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TMN for School Department retirees.

During the year, the Scott County School Department's proportionate share of the collective OPEB liability for the teacher plan was 55.291 percent and the State of Tennessee's share was 44.709 percent. The Scott County School Department is responsible for all of the noncertified employee OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$139,234 including the state's share of the teacher plan (Teachers - \$116,776. Noncertified employees \$22,458).

At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

Teacher Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	103,090
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	38,631	0
Total	<u>\$ 38,631</u>	<u>\$ 103,090</u>

Noncertified Employees:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	30,460
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	4,248	0
Total	<u>\$ 4,248</u>	<u>\$ 30,460</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Teacher Plan:

Year Ending June 30	School Department
2019	\$ (12,886)
2020	(12,886)
2021	(12,886)
2022	(12,886)
2023	(12,886)
Thereafter	(38,660)

Noncertified Employees:

Year Ending June 30	School Department
2019	\$ (3,807)
2020	(3,807)
2021	(3,807)
2022	(3,807)
2023	(3,807)
Thereafter	(11,425)

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

Discount Rate - Teacher Plan

1% Decrease	Current Discount Rate	1% Increase
2.56%	3.56%	4.56%

Proportionate Share of the Collective Total OPEB

Liability	\$ 1,409,077	\$ 1,221,187	\$ 1,066,374
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Discount Rate - Noncertified Employees

1% Decrease	Current Discount Rate	1% Increase
2.56%	3.56%	4.56%

OPEB Liability	\$	377,297	\$	321,660	\$	276,078
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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations:

I. 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, 2018. Payments totaling \$15,503 were paid to individuals who retired during the year ending June 30, 2018.

J. 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.

K. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by the director 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.

L. Subsequent Events

The following changes in administration occurred in Scott County on September 1, 2018:

<u>Office</u>	<u>Official Leaving</u>	<u>Succeeded By</u>
County Mayor	Dale Perdue	Jeff Tibballs
Road Superintendent	Donald Sexton	Kelvin King
County Clerk	Patricia Phillips	Felicia Bilbrey
Register of Deeds	Porter Rector, Jr.	Ashley Riseden

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	2016	2017
Total Pension Liability				
Service Cost	\$ 707,578	\$ 761,122	\$ 798,442	\$ 796,601
Interest	1,788,261	1,833,841	1,930,160	2,006,895
Changes in Benefit Terms	0	0		
Differences Between Actual and Expected Experience	(858,120)	(170,820)	(488,496)	(412,439)
Changes in Assumptions	0	0	0	674,274
Benefit Payments, Including Refunds of Employee Contributions	(1,031,694)	(1,135,369)	(1,219,037)	(1,211,234)
Net Change in Total Pension Liability	\$ 606,025	\$ 1,288,774	\$ 1,021,069	\$ 1,854,097
Total Pension Liability, Beginning	23,651,748	24,257,773	25,546,547	26,567,616
Total Pension Liability, Ending (a)	\$ 24,257,773	\$ 25,546,547	\$ 26,567,616	\$ 28,421,713
Plan Fiduciary Net Position				
Contributions - Employer	\$ 599,915	\$ 627,706	\$ 640,528	\$ 664,651
Contributions - Employee	437,771	458,184	473,281	491,666
Net Investment Income	3,621,707	783,535	692,957	3,026,444
Benefit Payments, Including Refunds of Employee Contributions	(1,031,694)	(1,135,369)	(1,219,037)	(1,211,234)
Administrative Expense	(14,181)	(19,101)	(28,324)	(32,874)
Net Change in Plan Fiduciary Net Position	\$ 3,613,518	\$ 714,955	\$ 559,405	\$ 2,938,653
Plan Fiduciary Net Position, Beginning	21,861,011	25,474,529	26,189,484	26,748,889
Plan Fiduciary Net Position, Ending (b)	\$ 25,474,529	\$ 26,189,484	\$ 26,748,889	\$ 29,687,542
Net Pension Liability (Asset), Ending (a - b)	\$ (1,216,756)	\$ (642,937)	\$ (181,273)	\$ (1,265,829)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.02%	102.52%	100.68%	104.45%
Covered Payroll	\$ 8,783,504	\$ 9,163,587	\$ 9,352,653	\$ 9,702,928
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(13.85%)	(7.02%)	(1.94%)	(13.05%)

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	2017	2018
Actuarially Determined Contribution	\$ 599,915	\$ 627,706	\$ 640,528	\$ 664,651	\$ 668,698
Less Contributions in Relation to the Actuarially Determined Contribution	(599,915)	(627,706)	(640,528)	(664,651)	(668,698)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 8,783,504	\$ 9,163,587	\$ 9,352,653	\$ 9,702,928	\$ 9,777,086
Contributions as a Percentage of Covered Payroll	6.83%	6.85%	6.85%	6.85%	6.84%

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
Pension Plan of TCRS
Discretely Presented Scott County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018
Contractually Required Contribution	\$ 10,385	\$ 26,542	\$ 38,549	\$ 51,215
Less Contributions in Relation to the Contractually Required Contribution	(10,385)	(26,542)	(38,549)	(51,215)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 259,629	\$ 663,548	\$ 963,709	\$ 1,271,106
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%

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

Exhibit E-4

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

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 971,075	\$ 978,048	\$ 974,896	\$ 965,129	\$ 956,132
Less Contributions in Relation to the Contractually Required Contribution	(971,075)	(978,048)	(974,896)	(965,129)	(956,132)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 10,935,526	\$ 10,819,137	\$ 10,784,278	\$ 10,676,229	\$ 10,530,145
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%

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

Exhibit E-5

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

	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.122379%	0.150805%	0.146833%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (5,028)	\$ (15,699)	\$ (38,740)
Covered Payroll	\$ 259,629	\$ 663,548	\$ 963,709
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(-4.02)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

* 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-6

Scott County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (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>	<u>2017</u>	<u>2018</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.278613%	0.289010%	0.298749%	0.302019%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (45,273)	\$ 118,387	\$ 1,867,018	\$ (98,816)
Covered Payroll	\$ 10,935,526	\$ 10,819,137	\$ 10,784,278	\$ 10,676,229
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0.41%	1.09%	17.31%	(-0.93%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

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

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

Scott County, TennesseeSchedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plans
For the Fiscal Year Ended June 30 ***Scott County Plan**

	2018
Total OPEB Liability	
Service Cost	\$ 18,534
Interest	4,638
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(9,407)
Benefit Payments	0
Net Change in Total OPEB Liability	\$ 13,765
Total OPEB Liability, Beginning	140,286
Total OPEB Liability, Ending	<u>\$ 154,051</u>

Covered Employee Payroll	\$ 4,587,329
Net OPEB Liability as a Percentage of Covered Employee Payroll	3.36%

Ambulance Service Plan

	2018
Total OPEB Liability	
Service Cost	\$ 4,074
Interest	1,124
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(2,572)
Benefit Payments	0
Net Change in Total OPEB Liability	\$ 2,626
Total OPEB Liability, Beginning	34,414
Total OPEB Liability, Ending	<u>\$ 37,040</u>

Covered Employee Payroll	\$ 1,022,071
Net OPEB Liability as a Percentage of Covered Employee Payroll	3.62%

(Continued)

Scott County, TennesseeSchedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plans (Cont.)**Highway Department Plan**

	2018
Total OPEB Liability	
Service Cost	\$ 2,594
Interest	677
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(1,018)
Benefit Payments	0
Net Change in Total OPEB Liability	\$ 2,253
Total OPEB Liability, Beginning	20,574
Total OPEB Liability, Ending	<u>\$ 22,827</u>

Covered Employee Payroll	\$ 726,472
Net OPEB Liability as a Percentage of Covered Employee Payroll	3.14%

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

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Scott County, TennesseeSchedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plans - MedicareScott County, Tennessee, and the Discretely Presented Scott County School DepartmentFor the Fiscal Year Ended June 30 ***Scott County Plan (Includes noncertified employees of the discretely presented School Department)**

	2018
Total OPEB Liability	
Service Cost	\$ 22,393
Interest	14,089
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(47,594)
Benefit Payments	(4,500)
Net Change in Total OPEB Liability	\$ (15,612)
Total OPEB Liability, Beginning	462,363
Total OPEB Liability, Ending	<u>\$ 446,751</u>
Covered Employee Payroll	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A
Scott County Proportion of Total OPEB Liability	\$ 125,091
Scott County School Department Proportion of Total OPEB Liability	321,660

Ambulance Service Plan

	2018
Total OPEB Liability	
Service Cost	\$ 855
Interest	374
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(1,678)
Benefit Payments	0
Net Change in Total OPEB Liability	\$ (449)
Total OPEB Liability, Beginning	11,948
Total OPEB Liability, Ending	<u>\$ 11,499</u>
Covered Employee Payroll	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A

(Continued)

Scott County, TennesseeSchedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plans - Medicare
Scott County, Tennessee, and the Discretely Presented Scott County School Department (Cont.)**Highway Department Plan**

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 601
Interest	293
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(991)
Benefit Payments	<u>0</u>
Net Change in Total OPEB Liability	\$ (97)
Total OPEB Liability, Beginning	<u>9,447</u>
Total OPEB Liability, Ending	<u><u>\$ 9,350</u></u>

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

Covered Employee Payroll	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A

Note 1: Ten years of data will be presented when available.

Note 2. Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit E-9

Scott County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Scott County School Department
For the Fiscal Year Ended June 30 *

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 453,311
Interest	205,071
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(333,097)
Benefit Payments	<u>(181,827)</u>
Net Change in Total OPEB Liability	\$ 143,458
Total OPEB Liability, Beginning	<u>6,660,565</u>
Total OPEB Liability, Ending	<u><u>\$ 6,804,023</u></u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,792,384
Employer Proportionate Share of the Total OPEB Liability	5,011,639
Covered Employee Payroll	\$ 15,396,919
Net OPEB Liability as a Percentage of Covered Employee Payroll	32.55%

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

Note 1: Ten years of data will be presented when available.

Note 2. Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit E-10

Scott County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plan - Medicare
Discretely Presented Scott County School Department
For the Fiscal Year Ended June 30 *

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 70,426
Interest	69,656
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(209,756)
Benefit Payments	<u>(73,500)</u>
Net Change in Total OPEB Liability	\$ (143,174)
Total OPEB Liability, Beginning	<u>2,351,820</u>
 Total OPEB Liability, Ending	 <u><u>\$ 2,208,646</u></u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 987,459
Employer Proportionate Share of the Total OPEB Liability	1,221,187
 Covered Employee Payroll	 \$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A

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

Note 1: Ten years of data will be presented when available.

Note 2. Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

SCOTT COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
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, 2018

	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	\$ 2,446	\$ 2,446	\$ 0
Equity in Pooled Cash and Investments	500,860	113,892	0	614,752	297,477
Due from Other Governments	16,724	0	0	16,724	0
Property Taxes Receivable	0	0	0	0	53,757
Allowance for Uncollectible Property Taxes	0	0	0	0	(2,984)
Total Assets	<u>\$ 517,584</u>	<u>\$ 113,892</u>	<u>\$ 2,446</u>	<u>\$ 633,922</u>	<u>\$ 348,250</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 43,339	\$ 0	\$ 0	\$ 43,339	\$ 0
Due to Other Funds	0	0	2,446	2,446	0
Total Liabilities	<u>\$ 43,339</u>	<u>\$ 0</u>	<u>\$ 2,446</u>	<u>\$ 45,785</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,450
Deferred Delinquent Property Taxes	0	0	0	0	1,672
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,122</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 113,892	\$ 0	\$ 113,892	\$ 0

(Continued)

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 (Cont.)</u>					
Restricted (Cont.):					
Restricted for Public Health and Welfare	\$ 474,245	\$ 0	\$ 0	\$ 474,245	\$ 0
Restricted for Capital Projects	0	0	0	0	298,128
Total Fund Balances	<u>\$ 474,245</u>	<u>\$ 113,892</u>	<u>\$ 0</u>	<u>\$ 588,137</u>	<u>\$ 298,128</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 517,584</u>	<u>\$ 113,892</u>	<u>\$ 2,446</u>	<u>\$ 633,922</u>	<u>\$ 348,250</u>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Funds (Cont.)</u>		
	Education Capital Projects	Total	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 2,446
Equity in Pooled Cash and Investments	72,604	370,081	984,833
Due from Other Governments	0	0	16,724
Property Taxes Receivable	26,249	80,006	80,006
Allowance for Uncollectible Property Taxes	(1,484)	(4,468)	(4,468)
Total Assets	<u>\$ 97,369</u>	<u>\$ 445,619</u>	<u>\$ 1,079,541</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 43,339
Due to Other Funds	0	0	2,446
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,785</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 23,586	\$ 72,036	\$ 72,036
Deferred Delinquent Property Taxes	1,056	2,728	2,728
Total Deferred Inflows of Resources	<u>\$ 24,642</u>	<u>\$ 74,764</u>	<u>\$ 74,764</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 113,892

(Continued)

Exhibit F-1

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

FUND BALANCES (Cont.)

Restricted (Cont.):

 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 Nonmajor Governmental Funds
Education Capital Projects	Total		
\$ 0	\$ 0	\$	474,245
72,727	370,855		370,855
<u>\$ 72,727</u>	<u>\$ 370,855</u>	<u>\$</u>	<u>958,992</u>
 \$ 97,369	 \$ 445,619	 \$	 1,079,541

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, 2018

	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	\$ 55,471
Fines, Forfeitures, and Penalties	0	58,403	0	58,403	0
Charges for Current Services	213,726	0	16,649	230,375	0
Other Local Revenues	18,452	863	0	19,315	15,092
State of Tennessee	57,364	0	0	57,364	0
Total Revenues	\$ 289,542	\$ 59,266	\$ 16,649	\$ 365,457	\$ 70,563
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 166	\$ 166	\$ 0
Administration of Justice	0	0	16,483	16,483	3,220
Public Safety	0	43,136	0	43,136	31,500
Public Health and Welfare	300,032	0	0	300,032	0
Other Operations	0	0	0	0	34,457
Highways	28,797	0	0	28,797	966
Capital Projects	0	0	0	0	341
Total Expenditures	\$ 328,829	\$ 43,136	\$ 16,649	\$ 388,614	\$ 70,484
Excess (Deficiency) of Revenues Over Expenditures	\$ (39,287)	\$ 16,130	\$ 0	\$ (23,157)	\$ 79
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(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
Net Change in Fund Balances	\$ (39,287)	\$ 16,130	\$ 0	\$ (23,157)	\$ 79
Fund Balance, July 1, 2017	513,532	97,762	0	611,294	298,049
Fund Balance, June 30, 2018	<u>\$ 474,245</u>	<u>\$ 113,892</u>	<u>\$ 0</u>	<u>\$ 588,137</u>	<u>\$ 298,128</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 Nonmajor Governmental Funds
	Education Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 26,520	\$ 81,991	\$ 81,991
Fines, Forfeitures, and Penalties	0	0	58,403
Charges for Current Services	0	0	230,375
Other Local Revenues	0	15,092	34,407
State of Tennessee	0	0	57,364
Total Revenues	<u>\$ 26,520</u>	<u>\$ 97,083</u>	<u>\$ 462,540</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 0	\$ 166
Administration of Justice	0	3,220	19,703
Public Safety	0	31,500	74,636
Public Health and Welfare	0	0	300,032
Other Operations	0	34,457	34,457
Highways	0	966	29,763
Capital Projects	462	803	803
Total Expenditures	<u>\$ 462</u>	<u>\$ 70,946</u>	<u>\$ 459,560</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 26,058</u>	<u>\$ 26,137</u>	<u>\$ 2,980</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (22,228)	\$ (22,228)	\$ (22,228)
Total Other Financing Sources (Uses)	<u>\$ (22,228)</u>	<u>\$ (22,228)</u>	<u>\$ (22,228)</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 Nonmajor Governmental Funds
	Education Capital Projects	Total	
Net Change in Fund Balances	\$ 3,830	\$ 3,909	\$ (19,248)
Fund Balance, July 1, 2017	68,897	366,946	978,240
Fund Balance, June 30, 2018	<u>\$ 72,727</u>	<u>\$ 370,855</u>	<u>\$ 958,992</u>

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 213,726	\$ 192,000	\$ 192,000	\$ 21,726
Other Local Revenues	18,452	27,000	33,755	(15,303)
State of Tennessee	57,364	42,000	52,068	5,296
Total Revenues	<u>\$ 289,542</u>	<u>\$ 261,000</u>	<u>\$ 277,823</u>	<u>\$ 11,719</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Recycling Center	\$ 284,782	\$ 141,700	\$ 303,139	\$ 18,357
Postclosure Care Costs	15,250	20,000	15,500	250
<u>Highways</u>				
Litter and Trash Collection	28,797	10,000	30,620	1,823
Total Expenditures	<u>\$ 328,829</u>	<u>\$ 171,700</u>	<u>\$ 349,259</u>	<u>\$ 20,430</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (39,287)</u>	<u>\$ 89,300</u>	<u>\$ (71,436)</u>	<u>\$ 32,149</u>
Net Change in Fund Balance	\$ (39,287)	\$ 89,300	\$ (71,436)	\$ 32,149
Fund Balance, July 1, 2017	<u>513,532</u>	<u>513,529</u>	<u>513,529</u>	<u>3</u>
Fund Balance, June 30, 2018	<u><u>\$ 474,245</u></u>	<u><u>\$ 602,829</u></u>	<u><u>\$ 442,093</u></u>	<u><u>\$ 32,152</u></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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 58,403	\$ 30,000	\$ 30,000	\$ 28,403
Other Local Revenues	863	0	0	863
Total Revenues	<u>\$ 59,266</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 29,266</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Other Public Safety	\$ 43,136	\$ 30,000	\$ 67,500	\$ 24,364
Total Expenditures	<u>\$ 43,136</u>	<u>\$ 30,000</u>	<u>\$ 67,500</u>	<u>\$ 24,364</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,130</u>	<u>\$ 0</u>	<u>\$ (37,500)</u>	<u>\$ 53,630</u>
Net Change in Fund Balance	\$ 16,130	\$ 0	\$ (37,500)	\$ 53,630
Fund Balance, July 1, 2017	<u>97,762</u>	<u>112,501</u>	<u>112,501</u>	<u>(14,739)</u>
Fund Balance, June 30, 2018	<u><u>\$ 113,892</u></u>	<u><u>\$ 112,501</u></u>	<u><u>\$ 75,001</u></u>	<u><u>\$ 38,891</u></u>

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 55,471	\$ 44,722	\$ 45,722	\$ 9,749
Other Local Revenues	15,092	0	15,092	0
Total Revenues	\$ 70,563	\$ 44,722	\$ 60,814	\$ 9,749
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Chancery Court	\$ 3,220	\$ 3,220	\$ 3,220	0
<u>Public Safety</u>				
Sheriff's Department	29,000	34,000	34,000	5,000
Jail	0	5,000	5,000	5,000
Juvenile Services	2,500	2,500	2,500	0
<u>Other Operations</u>				
Airport	34,457	0	34,457	0
<u>Highways</u>				
Capital Outlay	966	0	1,000	34
<u>Capital Projects</u>				
Highway and Street Capital Projects	341	0	341	0
Total Expenditures	\$ 70,484	\$ 44,720	\$ 80,518	\$ 10,034
Excess (Deficiency) of Revenues Over Expenditures	\$ 79	\$ 2	\$ (19,704)	\$ 19,783
Net Change in Fund Balance	\$ 79	\$ 2	\$ (19,704)	\$ 19,783
Fund Balance, July 1, 2017	298,049	193,756	193,756	104,293
Fund Balance, June 30, 2018	\$ 298,128	\$ 193,758	\$ 174,052	\$ 124,076

Exhibit F-6

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Capital Projects Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 26,520	\$ 22,228	\$ 22,898	\$ 3,622
Total Revenues	<u>\$ 26,520</u>	<u>\$ 22,228</u>	<u>\$ 22,898</u>	<u>\$ 3,622</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
Education Capital Projects	\$ 462	\$ 22,228	\$ 670	\$ 208
Total Expenditures	<u>\$ 462</u>	<u>\$ 22,228</u>	<u>\$ 670</u>	<u>\$ 208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 26,058</u>	<u>\$ 0</u>	<u>\$ 22,228</u>	<u>\$ 3,830</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (22,228)	\$ 0	\$ (22,228)	\$ 0
Total Other Financing Sources	<u>\$ (22,228)</u>	<u>\$ 0</u>	<u>\$ (22,228)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 3,830	\$ 0	\$ 0	\$ 3,830
Fund Balance, July 1, 2017	<u>68,897</u>	<u>66,265</u>	<u>66,265</u>	<u>2,632</u>
Fund Balance, June 30, 2018	<u><u>\$ 72,727</u></u>	<u><u>\$ 66,265</u></u>	<u><u>\$ 66,265</u></u>	<u><u>\$ 6,462</u></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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,210,853	\$ 1,320,544	\$ 1,320,544	\$ (109,691)
Licenses and Permits	788	800	800	(12)
Other Local Revenues	144,292	150,000	150,000	(5,708)
Total Revenues	<u>\$ 1,355,933</u>	<u>\$ 1,471,344</u>	<u>\$ 1,471,344</u>	<u>\$ (115,411)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 908,400	\$ 908,400	\$ 908,400	\$ 0
<u>Interest on Debt</u>				
General Government	326,498	398,868	398,868	72,370
<u>Other Debt Service</u>				
General Government	148,156	164,000	164,000	15,844
Total Expenditures	<u>\$ 1,383,054</u>	<u>\$ 1,471,268</u>	<u>\$ 1,471,268</u>	<u>\$ 88,214</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (27,121)</u>	<u>\$ 76</u>	<u>\$ 76</u>	<u>\$ (27,197)</u>
Net Change in Fund Balance	\$ (27,121)	\$ 76	\$ 76	\$ (27,197)
Fund Balance, July 1, 2017	1,049,782	1,048,678	1,048,678	1,104
Fund Balance, June 30, 2018	<u>\$ 1,022,661</u>	<u>\$ 1,048,754</u>	<u>\$ 1,048,754</u>	<u>\$ (26,093)</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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 892,108	\$ 856,237	\$ 862,722	\$ 29,386
Other Governments and Citizens Groups	365,729	358,229	358,229	7,500
Total Revenues	<u>\$ 1,257,837</u>	<u>\$ 1,214,466</u>	<u>\$ 1,220,951</u>	<u>\$ 36,886</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 611,000	\$ 611,000	\$ 611,000	\$ 0
<u>Interest on Debt</u>				
Education	187,839	219,091	219,091	31,252
<u>Other Debt Service</u>				
Education	24,075	27,200	33,685	9,610
Total Expenditures	<u>\$ 822,914</u>	<u>\$ 857,291</u>	<u>\$ 863,776</u>	<u>\$ 40,862</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 434,923</u>	<u>\$ 357,175</u>	<u>\$ 357,175</u>	<u>\$ 77,748</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 22,228	22,222	22,222	6
Total Other Financing Sources	<u>\$ 22,228</u>	<u>\$ 22,222</u>	<u>\$ 22,222</u>	<u>\$ 6</u>
Net Change in Fund Balance	\$ 457,151	379,397	379,397	77,754
Fund Balance, July 1, 2017	<u>575,132</u>	<u>580,630</u>	<u>580,630</u>	<u>(5,498)</u>
Fund Balance, June 30, 2018	<u><u>\$ 1,032,283</u></u>	<u><u>\$ 960,027</u></u>	<u><u>\$ 960,027</u></u>	<u><u>\$ 72,256</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, 2018

	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	\$ 1,074,553	\$ 0	\$ 1,074,553
Equity in Pooled Cash and Investments	0	3,109	63,587	0	120,104	186,800
Accounts Receivable	0	0	0	656	9,928	10,584
Due from Other Governments	300,297	0	108,226	0	0	408,523
Property Taxes Receivable	0	617,644	994,386	0	0	1,612,030
Allowance for Uncollectible Property Taxes	0	(34,202)	(55,197)	0	0	(89,399)
Total Assets	<u>\$ 300,297</u>	<u>\$ 586,551</u>	<u>\$ 1,111,002</u>	<u>\$ 1,075,209</u>	<u>\$ 130,032</u>	<u>\$ 3,203,091</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	0	0	0	0	0
Due to Other Taxing Units	300,297	586,551	1,111,002	0	0	1,997,850
Due to Litigants, Heirs, and Others	0	0	0	1,075,209	0	1,075,209
Due to Joint Venture	0	0	0	0	130,032	130,032
Total Liabilities	<u>\$ 300,297</u>	<u>\$ 586,551</u>	<u>\$ 1,111,002</u>	<u>\$ 1,075,209</u>	<u>\$ 130,032</u>	<u>\$ 3,203,091</u>

Exhibit H-2

Scott County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,640,742	\$ 1,640,742	\$ 0
Due from Other Governments	291,812	300,297	291,812	300,297
Total Assets	\$ 291,812	\$ 1,941,039	\$ 1,932,554	\$ 300,297
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 291,812	\$ 1,941,039	\$ 1,932,554	\$ 300,297
Total Liabilities	\$ 291,812	\$ 1,941,039	\$ 1,932,554	\$ 300,297
<u>Special School District</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 474,276	\$ 471,167	\$ 3,109
Property Taxes Receivable	600,080	617,644	600,080	617,644
Allowance for Uncollectible Taxes	(31,748)	(34,202)	(31,748)	(34,202)
Total Assets	\$ 568,332	\$ 1,057,718	\$ 1,039,499	\$ 586,551
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 568,332	\$ 1,057,718	\$ 1,039,499	\$ 586,551
Total Liabilities	\$ 568,332	\$ 1,057,718	\$ 1,039,499	\$ 586,551
<u>City School ADA - Oneida Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 66,929	\$ 1,486,410	\$ 1,489,752	\$ 63,587
Due from Other Governments	103,835	108,226	103,835	108,226
Property Taxes Receivable	983,699	994,386	983,699	994,386
Allowance for Uncollectible Taxes	(52,368)	52,368	55,197	(55,197)
Total Assets	\$ 1,102,095	\$ 2,641,390	\$ 2,632,483	\$ 1,111,002
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,102,095	\$ 2,641,390	\$ 2,632,483	\$ 1,111,002
Total Liabilities	\$ 1,102,095	\$ 2,641,390	\$ 2,632,483	\$ 1,111,002

(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	\$ 899,844	\$ 6,394,813	\$ 6,220,104	\$ 1,074,553
Accounts Receivable	657	0	1	656
Total Assets	<u>\$ 900,501</u>	<u>\$ 6,394,813</u>	<u>\$ 6,220,105</u>	<u>\$ 1,075,209</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 900,501</u>	<u>\$ 6,394,813</u>	<u>\$ 6,220,105</u>	<u>\$ 1,075,209</u>
Total Liabilities	<u>\$ 900,501</u>	<u>\$ 6,394,813</u>	<u>\$ 6,220,105</u>	<u>\$ 1,075,209</u>
<u>Judicial District Drug</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 176,646	\$ 211,294	\$ 267,836	\$ 120,104
Accounts Receivable	4,534	9,928	4,534	9,928
Total Assets	<u>\$ 181,180</u>	<u>\$ 221,222</u>	<u>\$ 272,370</u>	<u>\$ 130,032</u>
<u>Liabilities</u>				
Accounts Payable	\$ 2,308	\$ 0	\$ 2,308	\$ 0
Due to Joint Venture	178,872	221,222	270,062	130,032
Total Liabilities	<u>\$ 181,180</u>	<u>\$ 221,222</u>	<u>\$ 272,370</u>	<u>\$ 130,032</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	\$ 899,844	\$ 6,394,813	\$ 6,220,104	\$ 1,074,553
Equity in Pooled Cash and Investments	243,575	3,812,722	3,869,497	186,800
Account Receivables	5,191	9,928	4,535	10,584
Due from Other Governments	395,647	408,523	395,647	408,523
Property Taxes Receivable	1,583,779	1,612,030	1,583,779	1,612,030
Allowance for Uncollectible Taxes	(84,116)	18,166	23,449	(89,399)
Total Assets	<u>\$ 3,043,920</u>	<u>\$ 12,256,182</u>	<u>\$ 12,097,011</u>	<u>\$ 3,203,091</u>
<u>Liabilities</u>				
Accounts Payable	\$ 2,308	\$ 0	\$ 2,308	\$ 0
Due to Other Taxing Units	1,962,239	5,640,147	5,604,536	1,997,850
Due to Litigants, Heirs, and Others	900,501	6,394,813	6,220,105	1,075,209
Due to Joint Venture	178,872	221,222	270,062	130,032
Total Liabilities	<u>\$ 3,043,920</u>	<u>\$ 12,256,182</u>	<u>\$ 12,097,011</u>	<u>\$ 3,203,091</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, 2018

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	\$ 14,380,203	\$ 13,412	\$ 907,654		\$ (13,459,137)
Support Services	8,150,297	48,189	302,829	0	(7,799,279)
Operation of Non-instructional Services	2,910,910	175,345	3,074,834		339,269
Total Governmental Activities	\$ 25,441,410	\$ 236,946	\$ 4,285,317	0	\$ (20,919,147)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,017,169
Local Option Sales Taxes					1,372,000
Other Local Taxes					426
Grants and Contributions Not Restricted to Specific Programs					18,457,096
Unrestricted Investment Income					930
Miscellaneous					32,881
Total General Revenues					\$ 21,880,502
Change in Net Position					\$ 961,355
Net Position, July 1, 2017					22,799,538
Restatement - See Note I. D. 9.					(2,453,442)
Net Position, June 30, 2018					\$ 21,307,451

Exhibit I-2

Scott County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Scott County School Department
June 30, 2018

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>ASSETS</u>			
Cash	\$ 0	\$ 27,066	\$ 27,066
Equity in Pooled Cash and Investments	8,691,138	893,872	9,585,010
Accounts Receivable	4,812	4,547	9,359
Due from Other Governments	1,094,447	507,167	1,601,614
Property Taxes Receivable	2,280,931	0	2,280,931
Allowance for Uncollectible Property Taxes	(126,612)	0	(126,612)
Total Assets	\$ 11,944,716	\$ 1,432,652	\$ 13,377,368
<u>LIABILITIES</u>			
Accounts Payable	\$ 26,007	\$ 44,699	\$ 70,706
Accrued Payroll	2,236,880	390,708	2,627,588
Payroll Deductions Payable	64,745	2,315	67,060
Cash Overdraft	0	63,540	63,540
Other Current Liabilities	331,226	41,095	372,321
Total Liabilities	\$ 2,658,858	\$ 542,357	\$ 3,201,215
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,055,738	\$ 0	\$ 2,055,738
Deferred Delinquent Property Taxes	91,835	0	91,835
Other Deferred/Unavailable Revenue	124,124	0	124,124
Total Deferred Inflows of Resources	\$ 2,271,697	\$ 0	\$ 2,271,697
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 824,317	\$ 824,317
Committed:			
Committed for Education	0	66,073	66,073
Assigned:			
Assigned for Education	196,357	0	196,357
Unassigned	6,817,804	(95)	6,817,709
Total Fund Balances	\$ 7,014,161	\$ 890,295	\$ 7,904,456
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,944,716	\$ 1,432,652	\$ 13,377,368

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, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	7,904,456
(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		16,320,042	
Add: infrastructure net of accumulated depreciation		242,431	
Add: other capital assets net of accumulated depreciation		<u>1,700,485</u>	19,173,519
(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 (OPEB)			(6,554,487)
(3) Amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions and OPEB will be amortized and recognized as components of expense in future years:			
Add: deferred outflows of resources related to pensions	\$	2,493,416	
Less: deferred inflows of resources related to pensions		(2,363,355)	
Add: deferred outflows of resources related to OPEB		204,652	
Less: deferred inflows of resources related to OPEB		<u>(355,533)</u>	(20,820)
(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	\$	451,268	
Add: net pension assets of the teacher plan		38,740	
Add: net pension assets of the teacher legacy plan		<u>98,816</u>	588,824
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>215,959</u>
Net position of governmental activities (Exhibit A)		\$	<u>21,307,451</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, 2018

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,413,195	\$ 0	\$ 3,413,195
Licenses and Permits	549	0	549
Charges for Current Services	48,189	175,345	223,534
Other Local Revenues	31,120	18,691	49,811
State of Tennessee	18,567,282	27,476	18,594,758
Federal Government	0	4,144,267	4,144,267
Other Governments and Citizens Groups	800	0	800
Total Revenues	<u>\$ 22,061,135</u>	<u>\$ 4,365,779</u>	<u>\$ 26,426,914</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 12,995,147	\$ 1,888,907	\$ 14,884,054
Support Services	6,836,988	264,899	7,101,887
Operation of Non-Instructional Services	1,005,058	2,257,764	3,262,822
Capital Outlay	476,516	0	476,516
Debt Service:			
Other Debt Service	365,729	0	365,729
Total Expenditures	<u>\$ 21,679,438</u>	<u>\$ 4,411,570</u>	<u>\$ 26,091,008</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 381,697</u>	<u>\$ (45,791)</u>	<u>\$ 335,906</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 15,000	\$ 0	\$ 15,000
Transfers Out	0	(15,000)	(15,000)
Total Other Financing Sources (Uses)	<u>\$ 15,000</u>	<u>\$ (15,000)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 396,697	\$ (60,791)	\$ 335,906
Fund Balance, July 1, 2017	<u>6,617,464</u>	<u>951,086</u>	<u>7,568,550</u>
Fund Balance, June 30, 2018	<u>\$ 7,014,161</u>	<u>\$ 890,295</u>	<u>\$ 7,904,456</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, 2018

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	335,906
(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	\$	806,022	
Less: current-year depreciation expense		<u>(998,140)</u>	(192,118)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$	215,959	
Less: deferred delinquent property taxes and other deferred June 30, 2017		<u>(240,108)</u>	(24,149)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in net pension asset - agent plan	\$	385,176	
Change in net pension asset - teacher plan		23,041	
Change in net pension liability - teacher legacy plan		1,965,834	
Change in deferred outflows related to pensions		<u>(1,407,559)</u>	
Change in deferred inflows related to pensions		219,177	
Change in OPEB liability (net of restatement)		<u>(15,265)</u>	
Change in deferred outflows related to OPEB (net of restatement)		26,845	
Change in deferred inflows related to OPEB		<u>(355,533)</u>	<u>841,716</u>
Change in net position of governmental activities (Exhibit B)		\$	<u>961,355</u>

Exhibit I-6

Scott County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Scott County School Department
June 30, 2018

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 27,066	\$ 27,066
Equity in Pooled Cash and Investments	0	893,872	893,872
Accounts Receivable	0	4,547	4,547
Due from Other Governments	507,167	0	507,167
Total Assets	<u>\$ 507,167</u>	<u>\$ 925,485</u>	<u>\$ 1,432,652</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 44,640	\$ 59	\$ 44,699
Accrued Payroll	300,358	90,350	390,708
Payroll Deductions Payable	1,495	820	2,315
Cash Overdraft	63,540	0	63,540
Other Current Liabilities	31,156	9,939	41,095
Total Liabilities	<u>\$ 441,189</u>	<u>\$ 101,168</u>	<u>\$ 542,357</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 824,317	\$ 824,317
Committed:			
Committed for Education	66,073	0	66,073
Unassigned	(95)	0	(95)
Total Fund Balances	<u>\$ 65,978</u>	<u>\$ 824,317</u>	<u>\$ 890,295</u>
Total Liabilities and Fund Balances	<u>\$ 507,167</u>	<u>\$ 925,485</u>	<u>\$ 1,432,652</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, 2018

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 175,345	\$ 175,345
Other Local Revenues	0	18,691	18,691
State of Tennessee	9,948	17,528	27,476
Federal Government	2,159,683	1,984,584	4,144,267
Total Revenues	<u>\$ 2,169,631</u>	<u>\$ 2,196,148</u>	<u>\$ 4,365,779</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,888,907	\$ 0	\$ 1,888,907
Support Services	264,899	0	264,899
Operation of Non-Instructional Services	826	2,256,938	2,257,764
Total Expenditures	<u>\$ 2,154,632</u>	<u>\$ 2,256,938</u>	<u>\$ 4,411,570</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,999</u>	<u>\$ (60,790)</u>	<u>\$ (45,791)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (15,000)	\$ 0	\$ (15,000)
Total Other Financing Sources (Uses)	<u>\$ (15,000)</u>	<u>\$ 0</u>	<u>\$ (15,000)</u>
Net Change in Fund Balances	\$ (1)	\$ (60,790)	\$ (60,791)
Fund Balance, July 1, 2017	<u>65,979</u>	<u>885,107</u>	<u>951,086</u>
Fund Balance, June 30, 2018	<u>\$ 65,978</u>	<u>\$ 824,317</u>	<u>\$ 890,295</u>

Exhibit I-8

Scott County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Scott County School Department
General Purpose School Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,413,195	\$ 3,329,780	\$ 3,329,780	\$ 83,415
Licenses and Permits	549	500	500	49
Charges for Current Services	48,189	57,000	57,000	(8,811)
Other Local Revenues	31,120	10,000	24,450	6,670
State of Tennessee	18,567,282	18,374,808	18,749,647	(182,365)
Federal Government	0	5,500	5,500	(5,500)
Other Governments and Citizens Groups	800	0	0	800
Total Revenues	\$ 22,061,135	\$ 21,777,588	\$ 22,166,877	\$ (105,742)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 11,004,351	\$ 11,476,807	\$ 11,463,666	\$ 459,315
Alternative Instruction Program	85,041	85,285	88,735	3,694
Special Education Program	1,301,461	1,425,384	1,424,504	123,043
Career and Technical Education Program	604,294	654,103	650,002	45,708
<u>Support Services</u>				
Attendance	83,614	98,717	95,517	11,903
Health Services	335,882	212,098	351,695	15,813
Other Student Support	323,290	346,843	346,843	23,553
Regular Instruction Program	590,934	669,634	694,058	103,124
Special Education Program	195,881	202,857	204,957	9,076
Career and Technical Education Program	88,053	92,121	92,121	4,068
Technology	557,396	460,800	602,000	44,604
Other Programs	78,490	0	78,490	0
Board of Education	444,795	460,082	460,082	15,287
Director of Schools	231,082	233,574	250,315	19,233
Office of the Principal	905,452	952,508	957,831	52,379
Operation of Plant	1,659,969	1,580,405	1,726,744	66,775
Maintenance of Plant	279,318	269,792	294,593	15,275
Transportation	1,062,832	1,149,893	1,102,593	39,761
<u>Operation of Non-Instructional Services</u>				
Community Services	56,863	50,000	59,095	2,232
Early Childhood Education	948,195	955,206	987,426	39,231
<u>Capital Outlay</u>				
Regular Capital Outlay	476,516	481,431	642,662	166,146
<u>Other Debt Service</u>				
Education	365,729	185,773	365,729	0
Total Expenditures	\$ 21,679,438	\$ 22,043,313	\$ 22,939,658	\$ 1,260,220
Excess (Deficiency) of Revenues Over Expenditures	\$ 381,697	\$ (265,725)	\$ (772,781)	\$ 1,154,478
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 15,000	\$ 15,000	\$ 15,000	\$ 0
Total Other Financing Sources	\$ 15,000	\$ 15,000	\$ 15,000	\$ 0

(Continued)

Exhibit I-8

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

		Budgeted Amounts		Variance
	Actual	Original	Final	with Final Budget - Positive (Negative)
Net Change in Fund Balance	\$ 396,697	\$ (250,725)	\$ (757,781)	\$ 1,154,478
Fund Balance, July 1, 2017	6,617,464	6,625,008	6,625,008	(7,544)
Fund Balance, June 30, 2018	<u>\$ 7,014,161</u>	<u>\$ 6,374,283</u>	<u>\$ 5,867,227</u>	<u>\$ 1,146,934</u>

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 9,948	\$ 0	\$ 0	\$ 9,948
Federal Government	2,159,683	2,160,942	2,823,545	(663,862)
Total Revenues	<u>\$ 2,169,631</u>	<u>\$ 2,160,942</u>	<u>\$ 2,823,545</u>	<u>\$ (653,914)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,298,064	\$ 1,256,402	\$ 1,699,717	\$ 401,653
Special Education Program	533,465	559,284	682,701	149,236
Career and Technical Education Program	57,378	38,284	57,378	0
<u>Support Services</u>				
Other Student Support	18,662	43,802	35,030	16,368
Regular Instruction Program	137,419	140,006	212,066	74,647
Special Education Program	67,778	67,641	79,469	11,691
Career and Technical Education Program	2,418	3,500	2,418	0
Board of Education	261	0	261	0
Transportation	38,361	37,023	38,660	299
<u>Operation of Non-Instructional Services</u>				
Food Service	826	0	847	21
Total Expenditures	<u>\$ 2,154,632</u>	<u>\$ 2,145,942</u>	<u>\$ 2,808,547</u>	<u>\$ 653,915</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,999</u>	<u>\$ 15,000</u>	<u>\$ 14,998</u>	<u>\$ 1</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ 0
Total Other Financing Sources	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (1)	\$ 0	\$ (2)	\$ 1
Fund Balance, July 1, 2017	<u>65,979</u>	<u>65,434</u>	<u>65,434</u>	<u>545</u>
Fund Balance, June 30, 2018	<u><u>\$ 65,978</u></u>	<u><u>\$ 65,434</u></u>	<u><u>\$ 65,432</u></u>	<u><u>\$ 546</u></u>

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 1,000	\$ 1,000	\$ (1,000)
Charges for Current Services	175,345	173,000	173,000	2,345
Other Local Revenues	18,691	25,000	25,000	(6,309)
State of Tennessee	17,528	17,700	17,700	(172)
Federal Government	1,984,584	1,875,000	1,875,000	109,584
Total Revenues	<u>\$ 2,196,148</u>	<u>\$ 2,091,700</u>	<u>\$ 2,091,700</u>	<u>\$ 104,448</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,256,938	\$ 2,091,700	\$ 2,341,700	\$ 84,762
Total Expenditures	<u>\$ 2,256,938</u>	<u>\$ 2,091,700</u>	<u>\$ 2,341,700</u>	<u>\$ 84,762</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (60,790)</u>	<u>\$ 0</u>	<u>\$ (250,000)</u>	<u>\$ 189,210</u>
Net Change in Fund Balance	\$ (60,790)	\$ 0	\$ (250,000)	\$ 189,210
Fund Balance, July 1, 2017	<u>885,107</u>	<u>613,873</u>	<u>613,873</u>	<u>271,234</u>
Fund Balance, June 30, 2018	<u>\$ 824,317</u>	<u>\$ 613,873</u>	<u>\$ 363,873</u>	<u>\$ 460,444</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Scott County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Other Loans
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Paid and/or Matured During Period	Outstanding 6-30-18
<u>GOVERNMENTAL ACTIVITIES</u>							
<u>NOTES PAYABLE</u>							
<u>Payable through Highway/Public Works Fund</u>							
Road Resurface	\$ 600,000	3.57 %	8-31-09	8-28-18	\$ 88,888	\$ 88,888	\$ 0
Road Resurface	500,000	2.94	10-15-12	10-15-18	86,110	55,556	30,554
Capital Outlay	500,000	3.59	5-8-17	2-8-22	492,380	93,240	399,140
Total Notes Payable					<u>\$ 667,378</u>	<u>\$ 237,684</u>	<u>\$ 429,694</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	\$ 251,600	\$ 58,400	\$ 193,200
Justice Center and Highway Projects	9,654,938 (1)	Varies	2-27-07	5-25-34	7,501,938	279,000	7,222,938
School Renovations and Improvements	13,940,000	Varies	12-15-09	5-25-35	11,453,401	411,000	11,042,401
Total Payable through General Debt Service Fund					<u>\$ 19,206,939</u>	<u>\$ 748,400</u>	<u>\$ 18,458,539</u>
<u>Payable through Rural Debt Service Fund</u>							
Various Schools Projects	3,000,000	Varies	10-2-03	5-25-23	\$ 1,144,000	\$ 176,000	\$ 968,000
Total Payable through Rural Debt Service Fund					<u>\$ 1,144,000</u>	<u>\$ 176,000</u>	<u>\$ 968,000</u>
Total Other Loans Payable					<u>\$ 20,350,939</u>	<u>\$ 924,400</u>	<u>\$ 19,426,539</u>

(Continued)

Exhibit J-1

Scott County, Tennessee

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

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-17	Paid and/or Matured During Period	Outstanding 6-30-18
<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	\$ 910,000	\$ 60,000	\$ 850,000
Refunding Bonds, Series 2014A	1,490,000	2 to 3.4		6-30-14	6-1-35	1,155,000	100,000	1,055,000
Total Payable through General Debt Service Fund						<u>\$ 2,065,000</u>	<u>\$ 160,000</u>	<u>\$ 1,905,000</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	\$ 6,685,000	\$ 435,000	\$ 6,250,000
Total Payable through Rural Debt Service Fund						<u>\$ 6,685,000</u>	<u>\$ 435,000</u>	<u>\$ 6,250,000</u>
Total Bonds Payable						<u>\$ 8,750,000</u>	<u>\$ 595,000</u>	<u>\$ 8,155,000</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
2019	\$ 127,197	\$ 13,751	\$ 140,948
2020	100,170	9,222	109,392
2021	103,827	5,566	109,393
2022	98,500	1,777	100,277
Total	\$ 429,694	\$ 30,316	\$ 460,010

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 967,300	\$ 311,303	\$ 130,353	\$ 1,408,956
2020	1,013,400	295,720	123,468	1,432,588
2021	1,059,500	279,395	116,258	1,455,153
2022	1,038,000	262,331	108,722	1,409,053
2023	1,087,000	245,600	101,671	1,434,271
2024	925,000	228,081	94,290	1,247,371
2025	970,000	213,277	88,174	1,271,451
2026	1,019,000	197,753	81,760	1,298,513
2027	1,071,000	181,444	75,022	1,327,466
2028	1,123,000	164,304	67,941	1,355,245
2029	1,180,000	146,331	60,515	1,386,846
2030	1,239,000	127,446	52,713	1,419,159
2031	1,301,000	107,617	44,520	1,453,137
2032	1,366,000	86,795	35,918	1,488,713
2033	1,434,000	64,933	26,886	1,525,819
2034	1,506,000	41,983	17,404	1,565,387
2035	1,127,339	13,001	5,494	1,145,834
Total	\$ 19,426,539	\$ 2,967,314	\$ 1,231,109	\$ 23,624,962

(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
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	136,871	1,021,871
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	\$ 8,155,000	\$ 1,620,590	\$ 9,775,590

Exhibit J-3

Scott County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Scott County School Department
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Education Capital Projects	Rural Debt Service	Reimbursement of Transfer from a Previous Year	<u>\$ 22,228</u>
Total Transfers Primary Government			<u><u>\$ 22,228</u></u>
<u>DISCRETELY PRESENTED SCOTT COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect Costs	<u>\$ 15,000</u>
Total Transfers Discretely Presented Scott County School Department			<u><u>\$ 15,000</u></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, 2018

Official	Authorization of Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 79,326	\$ 100,000	RLI Insurance Company
Superintendent of Roads	Section 8-24-102, <i>TCA</i>	75,550	100,000	"
Director of Schools	State Board of Education and County Board of Education	86,819 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	68,682	981,927	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,682	50,300	"
County Clerk	Section 8-24-102, <i>TCA</i>	68,682	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	68,682 (2)	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	68,682 (3)	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	68,682	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	76,150 (4)	100,000	"
Director of Finance	County Commission	68,679	100,000	"
Employee Blanket Bonds - All County Employees				
Employee Fidelity			150,000	Tennessee Risk Management Trust
Money and Securities			150,000	"
Forgery or Alteration			150,000	"

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

(2) Does not includes Special Commissioner Fees of \$2,392.

(3) Does not includes Special Commissioner Fees of \$14,091.

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

Exhibit J-5

Scott County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2018

	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	\$ 3,432,851	\$ 0	\$ 0	\$ 0	\$ 0	0
Discount on Property Taxes	(33,894)	0	0	0	0	0
Trustee's Collections - Prior Year	180,425	0	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	227,707	0	0	0	0	0
Interest and Penalty	36,498	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	10,608	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	180,330	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	207,997	0	0	0	0	0
Hotel/Motel Tax	82,172	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	22,747	0	0	0	0	0
Litigation Tax - Special Purpose	86,393	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	559	0	0	0	0	0
Business Tax	153,432	0	0	0	0	235
Mineral Severance Tax	562	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	74,732	0	0	0	0	0
Wholesale Beer Tax	97,837	0	0	0	0	0
Interstate Telecommunications Tax	24,313	0	0	0	0	0
Total Local Taxes	\$ 4,785,269	\$ 0	\$ 0	\$ 0	\$ 0	235
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	46,981	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	Constitu - tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 596	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 47,577	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 10,176	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,039	0	0	0	0	0
Game and Fish Fines	145	0	0	0	0	0
Drug Control Fines	0	0	0	9,352	0	0
Data Entry Fee - Circuit Court	433	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	428	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	77,209	0	0	0	0	0
Officers Costs	12,945	0	0	0	0	0
Game and Fish Fines	169	0	0	0	0	0
Drug Control Fines	0	0	0	21,071	0	0
Drug Court Fees	4,557	0	0	0	0	0
Jail Fees	2,293	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,645	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	18,573	0	0	0	0	0
Data Entry Fee - Chancery Court	4,116	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	27,980	0	0
Total Fines, Forfeitures, and Penalties	\$ 137,728	\$ 0	\$ 0	\$ 58,403	\$ 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>Charges for Current Services</u>						
<u>General Service Charges</u>						
Convenience Waste Centers Collection Charge	\$ 0	\$ 2,831	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Host Agency	0	210,895	0	0	0	0
Patient Charges	0	0	1,848,513	0	0	0
Other General Service Charges	3,883	0	0	0	0	0
<u>Fees</u>						
Airport Fees	209,111	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	166	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	16,483	0
Data Processing Fee - Register	5,848	0	0	0	0	0
Probation Fees	15,743	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	6,300	0	0	0	0	0
Data Processing Fee - County Clerk	1,677	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	130	0	0	0	0	0
Total Charges for Current Services	\$ 242,692	\$ 213,726	\$ 1,848,513	\$ 0	\$ 16,649	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 147,899	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	189,831	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	1,042
Commissary Sales	16,030	0	0	0	0	0
Sale of Gasoline	275	0	0	0	0	0
Sale of Maps	145	0	0	0	0	0
Sale of Recycled Materials	0	17,701	0	0	0	0
E-Rate Funding	1,145	0	0	0	0	0
Miscellaneous Refunds	84,226	751	6,950	863	0	2,002

(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	\$ 256	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions and Gifts	4,900	0	0	0	0	0
Total Other Local Revenues	\$ 444,707	\$ 18,452	\$ 6,950	\$ 863	\$ 0	\$ 3,044
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 232,593	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	46,903	0	0	0	0	0
General Sessions Court Clerk	103,780	0	0	0	0	0
Clerk and Master	106,996	0	0	0	0	0
Register	76,000	0	0	0	0	0
Sheriff	13,598	0	0	0	0	0
Trustee	309,437	0	0	0	0	0
Total Fees Received From County Officials	\$ 889,307	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	16,800	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	247,873
State Aid Program	0	0	0	0	0	130,484
Litter Program	0	46,294	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	\$ 42,090	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	17,839	0	0	0	0	0
Alcoholic Beverage Tax	65,010	0	0	0	0	0
State Revenue Sharing - T.V.A.	568,904	0	0	0	0	0
State Revenue Sharing - Telecommunications	60,738	0	0	0	0	0
Contracted Prisoner Boarding	933,251	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,275,372
Petroleum Special Tax	0	0	0	0	0	16,038
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	327,483	11,070	5,000	0	0	0
Other State Revenues	308,434	0	0	0	0	14,787
Total State of Tennessee	\$ 2,364,713	\$ 57,364	\$ 5,000	\$ 0	\$ 0	\$ 2,684,554
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 128,135
Homeland Security Grants	18,984	0	0	0	0	0
Law Enforcement Grants	117,065	0	0	0	0	0
Other Federal through State	444,131	0	0	0	0	150,155
Total Federal Government	\$ 580,180	\$ 0	\$ 0	\$ 0	\$ 0	\$ 278,290
<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	\$ 9,492,173	\$ 289,542	\$ 1,860,463	\$ 59,266	\$ 16,649	\$ 2,966,123

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds		
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 584,790	\$ 689,787	\$ 43,442	\$ 22,521	\$ 4,773,391
Discount on Property Taxes	(5,782)	(6,654)	(422)	(215)	(46,967)
Trustee's Collections - Prior Year	18,228	40,167	4,389	1,614	244,823
Circuit Clerk/Clerk and Master Collections - Prior Years	22,597	58,737	7,131	2,209	318,381
Interest and Penalty	4,160	7,470	800	306	49,234
Payments in-Lieu-of Taxes - T.V.A.	1,795	2,601	131	85	15,220
Payments in-Lieu-of Taxes - Other	0	0	0	0	180,330
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	100,000	0	0	307,997
Hotel/Motel Tax	0	0	0	0	82,172
Wheel Tax	585,065	0	0	0	585,065
Litigation Tax - General	0	0	0	0	22,747
Litigation Tax - Special Purpose	0	0	0	0	86,393
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	559
Business Tax	0	0	0	0	153,667
Mineral Severance Tax	0	0	0	0	562
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	74,732
Wholesale Beer Tax	0	0	0	0	97,837
Interstate Telecommunications Tax	0	0	0	0	24,313
Total Local Taxes	\$ 1,210,853	\$ 892,108	\$ 55,471	\$ 26,520	\$ 6,970,456
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 788	\$ 0	\$ 0	\$ 0	788
Cable TV Franchise	0	0	0	0	46,981

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds		
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 596
Total Licenses and Permits	\$ 788	\$ 0	\$ 0	\$ 0	\$ 48,365
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,176
Officers Costs	0	0	0	0	3,039
Game and Fish Fines	0	0	0	0	145
Drug Control Fines	0	0	0	0	9,352
Data Entry Fee - Circuit Court	0	0	0	0	433
<u>Criminal Court</u>					
DUI Treatment Fines	0	0	0	0	428
<u>General Sessions Court</u>					
Fines	0	0	0	0	77,209
Officers Costs	0	0	0	0	12,945
Game and Fish Fines	0	0	0	0	169
Drug Control Fines	0	0	0	0	21,071
Drug Court Fees	0	0	0	0	4,557
Jail Fees	0	0	0	0	2,293
Data Entry Fee - General Sessions Court	0	0	0	0	3,645
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	18,573
Data Entry Fee - Chancery Court	0	0	0	0	4,116
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	27,980
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 196,131

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds		
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Total
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,831
Surcharge - Host Agency	0	0	0	0	210,895
Patient Charges	0	0	0	0	1,848,513
Other General Service Charges	0	0	0	0	3,883
<u>Fees</u>					
Airport Fees	0	0	0	0	209,111
Constitutional Officers' Fees and Commissions	0	0	0	0	166
Special Commissioner Fees/Special Master Fees	0	0	0	0	16,483
Data Processing Fee - Register	0	0	0	0	5,848
Probation Fees	0	0	0	0	15,743
Sexual Offender Registration Fee - Sheriff	0	0	0	0	6,300
Data Processing Fee - County Clerk	0	0	0	0	1,677
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	0	130
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,321,580
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 147,899
Lease/Rentals	144,292	0	0	0	334,123
Sale of Materials and Supplies	0	0	0	0	1,042
Commissary Sales	0	0	0	0	16,030
Sale of Gasoline	0	0	0	0	275
Sale of Maps	0	0	0	0	145
Sale of Recycled Materials	0	0	0	0	17,701
E-Rate Funding	0	0	0	0	1,145
Miscellaneous Refunds	0	0	15,092	0	109,884

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds		
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items</u>					
Sale of Equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 256
Contributions and Gifts	0	0	0	0	4,900
Total Other Local Revenues	\$ 144,292	\$ 0	\$ 15,092	\$ 0	\$ 633,400
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 232,593
Circuit Court Clerk	0	0	0	0	46,903
General Sessions Court Clerk	0	0	0	0	103,780
Clerk and Master	0	0	0	0	106,996
Register	0	0	0	0	76,000
Sheriff	0	0	0	0	13,598
Trustee	0	0	0	0	309,437
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 889,307
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	16,800
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	247,873
State Aid Program	0	0	0	0	130,484
Litter Program	0	0	0	0	46,294

(Continued)

Exhibit J-5

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

	Debt Service Funds		Capital Projects Funds		Total
	General Debt Service	Rural Debt Service	General Capital Projects	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,090
Beer Tax	0	0	0	0	17,839
Alcoholic Beverage Tax	0	0	0	0	65,010
State Revenue Sharing - T.V.A.	0	0	0	0	568,904
State Revenue Sharing - Telecommunications	0	0	0	0	60,738
Contracted Prisoner Boarding	0	0	0	0	933,251
Gasoline and Motor Fuel Tax	0	0	0	0	2,275,372
Petroleum Special Tax	0	0	0	0	16,038
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	343,553
Other State Revenues	0	0	0	0	323,221
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,111,631
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 128,135
Homeland Security Grants	0	0	0	0	18,984
Law Enforcement Grants	0	0	0	0	117,065
Other Federal through State	0	0	0	0	594,286
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 858,470
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 365,729	\$ 0	\$ 0	\$ 365,729
Total Other Governments and Citizens Groups	\$ 0	\$ 365,729	\$ 0	\$ 0	\$ 365,729
Total	\$ 1,355,933	\$ 1,257,837	\$ 70,563	\$ 26,520	\$ 17,395,069

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, 2018

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,820,970	\$ 0	\$ 0	\$ 1,820,970
Discount on Property Taxes	(17,883)	0	0	(17,883)
Trustee's Collections - Prior Year	95,361	0	0	95,361
Circuit Clerk/Clerk and Master Collections - Prior Years	125,459	0	0	125,459
Interest and Penalty	19,971	0	0	19,971
Payments in-Lieu-of Taxes - T.V.A.	5,550	0	0	5,550
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,363,767	0	0	1,363,767
Total Local Taxes	<u>\$ 3,413,195</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,413,195</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 549	\$ 0	\$ 0	\$ 549
Total Licenses and Permits	<u>\$ 549</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 549</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 78,213	\$ 78,213
Lunch Payments - Adults	0	0	38,440	38,440
Income from Breakfast	0	0	26,289	26,289
Special Milk Sales	0	0	5,819	5,819
A la Carte Sales	0	0	12,513	12,513
Other Charges for Services	48,189	0	14,071	62,260
Total Charges for Current Services	<u>\$ 48,189</u>	<u>\$ 0</u>	<u>\$ 175,345</u>	<u>\$ 223,534</u>

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 34	\$ 0	\$ 896	\$ 930
Lease/Rentals	50	0	0	50
E-Rate Funding	14,450	0	0	14,450
Miscellaneous Refunds	14,985	0	17,470	32,455
<u>Nonrecurring Items</u>				
Sale of Equipment	0	0	325	325
Contributions and Gifts	1,500	0	0	1,500
<u>Other Local Revenues</u>				
Other Local Revenues	101	0	0	101
Total Other Local Revenues	<u>\$ 31,120</u>	<u>\$ 0</u>	<u>\$ 18,691</u>	<u>\$ 49,811</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 78,490	\$ 0	\$ 0	\$ 78,490
<u>State Education Funds</u>				
Basic Education Program	16,843,000	0	0	16,843,000
Early Childhood Education	942,151	0	0	942,151
School Food Service	0	0	17,528	17,528
Driver Education	13,362	0	0	13,362
Other State Education Funds	369,170	9,948	0	379,118
Coordinated School Health	99,533	0	0	99,533
Career Ladder Program	26,848	0	0	26,848
Career Ladder - Extended Contract	40,131	0	0	40,131

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 104,000	\$ 0	\$ 0	\$ 104,000
Other State Grants	50,597	0	0	50,597
Total State of Tennessee	<u>\$ 18,567,282</u>	<u>\$ 9,948</u>	<u>\$ 17,528</u>	<u>\$ 18,594,758</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,281,453	\$ 1,281,453
USDA - Commodities	0	0	149,891	149,891
Breakfast	0	0	492,009	492,009
USDA - Other	0	0	31,231	31,231
USDA Food Service Equipment Grant	0	0	30,000	30,000
Vocational Education - Basic Grants to States	0	66,117	0	66,117
Title I Grants to Local Education Agencies	0	1,198,293	0	1,198,293
Special Education - Grants to States	0	621,084	0	621,084
Special Education Preschool Grants	0	17,025	0	17,025
Rural Education	0	80,750	0	80,750
Eisenhower Professional Development State Grants	0	70,843	0	70,843
Other Federal through State	0	105,571	0	105,571
Total Federal Government	<u>\$ 0</u>	<u>\$ 2,159,683</u>	<u>\$ 1,984,584</u>	<u>\$ 4,144,267</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 800	\$ 0	\$ 0	\$ 800
Total Other Governments and Citizens Groups	<u>\$ 800</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 800</u>
Total	<u>\$ 22,061,135</u>	<u>\$ 2,169,631</u>	<u>\$ 2,196,148</u>	<u>\$ 26,426,914</u>

Exhibit J-7

Scott County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2018

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	88,255	
Social Security		5,472	
Pensions		1,910	
Employer Medicare		1,280	
Audit Services		8,224	
Dues and Memberships		9,190	
Legal Notices, Recording, and Court Costs		68	
Other Contracted Services		28,650	
Other Supplies and Materials		1,742	
Other Charges		6,629	
Total County Commission			\$ 151,420

County Mayor/Executive

County Official/Administrative Officer	\$	79,326	
Secretary(ies)		31,658	
Clerical Personnel		26,628	
Part-time Personnel		11,941	
Social Security		8,949	
Pensions		9,415	
Employer Medicare		2,093	
Communication		8,051	
Legal Notices, Recording, and Court Costs		2,568	
Travel		194	
Office Supplies		1,510	
Other Supplies and Materials		1,058	
Other Charges		168	
Total County Mayor/Executive			183,559

County Attorney

County Official/Administrative Officer	\$	47,550	
Social Security		2,948	
Pensions		3,253	
Employer Medicare		689	
Communication		1,419	
Other Supplies and Materials		412	
Total County Attorney			56,271

Election Commission

County Official/Administrative Officer	\$	61,633	
Deputy(ies)		22,312	
Other Salaries and Wages		4,726	
Election Commission		18,000	
Social Security		6,225	
Pensions		5,743	
Employer Medicare		1,456	
Communication		2,750	
Data Processing Services		12,545	

(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.)

Dues and Memberships	\$	225	
Legal Notices, Recording, and Court Costs		410	
Maintenance and Repair Services - Buildings		552	
Postal Charges		40	
Printing, Stationery, and Forms		1,401	
Travel		3,852	
Office Supplies		6,303	
Other Supplies and Materials		235	
Total Election Commission			\$ 148,408

Register of Deeds

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		31,661	
Part-time Personnel		5,604	
Other Salaries and Wages		23,387	
Social Security		7,819	
Pensions		7,511	
Employer Medicare		1,829	
Communication		3,209	
Dues and Memberships		507	
Printing, Stationery, and Forms		4,414	
Other Contracted Services		3,525	
Office Supplies		6,270	
Total Register of Deeds			164,418

County Buildings

Mechanic(s)	\$	27,568	
Custodial Personnel		26,190	
Other Salaries and Wages		27,555	
Social Security		4,246	
Pensions		5,563	
Employer Medicare		993	
Maintenance and Repair Services - Buildings		25,304	
Maintenance and Repair Services - Equipment		12,575	
Maintenance and Repair Services - Office Equipment		7,957	
Maintenance and Repair Services - Vehicles		3,421	
Other Contracted Services		7,035	
Custodial Supplies		17,204	
Electricity		116,628	
Gasoline		5,543	
Natural Gas		44,727	
Road Signs		1,701	
Water and Sewer		100,516	
Other Supplies and Materials		3,040	
Other Charges		4,819	
Furniture and Fixtures		2,800	
Total County Buildings			445,385

(Continued)

Exhibit J-7

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

General Fund (Cont.)FinanceAccounting and Budgeting

Supervisor/Director	\$	68,679	
Data Processing Personnel		167,422	
Social Security		13,632	
Pensions		16,053	
Employer Medicare		3,188	
Communication		2,030	
Data Processing Services		16,556	
Travel		265	
Office Supplies		13,287	
Other Supplies and Materials		4	
Other Charges		49	
Office Equipment		749	
Total Accounting and Budgeting			\$ 301,914

Property Assessor's Office

County Official/Administrative Officer	\$	68,682	
Assistant(s)		53,228	
Deputy(ies)		32,864	
Part-time Personnel		6,915	
Board and Committee Members Fees		3,800	
Social Security		9,301	
Pensions		10,590	
Employer Medicare		2,175	
Communication		4,040	
Data Processing Services		15,985	
Dues and Memberships		1,450	
Maintenance and Repair Services - Vehicles		268	
Travel		767	
Other Contracted Services		9,093	
Office Supplies		4,003	
Other Supplies and Materials		952	
Office Equipment		1,072	
Total Property Assessor's Office			225,185

County Trustee's Office

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		31,107	
Other Salaries and Wages		27,344	
Social Security		7,456	
Pensions		8,698	
Employer Medicare		1,744	
Communication		1,756	
Contracts with Other Public Agencies		7,773	
Data Processing Services		8,694	
Dues and Memberships		707	
Travel		420	
Office Supplies		2,365	
Other Supplies and Materials		235	
Total County Trustee's Office			166,981

(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	\$	68,682	
Assistant(s)		54,568	
Deputy(ies)		31,661	
Temporary Personnel		9,893	
Other Salaries and Wages		23,672	
Social Security		11,388	
Pensions		12,218	
Employer Medicare		2,663	
Communication		4,773	
Dues and Memberships		607	
Maintenance and Repair Services - Equipment		682	
Printing, Stationery, and Forms		240	
Other Contracted Services		9,189	
Office Supplies		8,036	
Office Equipment		2,895	
Total County Clerk's Office			\$ 241,167

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	68,682	
Assistant(s)		107,172	
Deputy(ies)		31,661	
Part-time Personnel		11,071	
Jury and Witness Expense		11,095	
Social Security		13,055	
Pensions		14,725	
Employer Medicare		3,053	
Communication		4,415	
Data Processing Services		14,214	
Dues and Memberships		507	
Printing, Stationery, and Forms		2,316	
Other Contracted Services		919	
Office Supplies		6,519	
Other Charges		662	
Data Processing Equipment		2,990	
Office Equipment		574	
Total Circuit Court			293,630

General Sessions Court

Judge(s)	\$	116,762	
Assistant(s)		59,800	
Deputy(ies)		32,219	
Salary Supplements		10,271	
Secretary(ies)		21,739	
Clerical Personnel		27,294	
Part-time Personnel		11,210	
Other Salaries and Wages		57,885	

(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.)

Board and Committee Members Fees	\$	6,000	
Social Security		20,942	
Pensions		22,445	
Medical Insurance		4,130	
Employer Medicare		4,898	
Communication		4,835	
Travel		9,776	
Other Contracted Services		24,775	
Office Supplies		3,050	
Other Supplies and Materials		16,170	
Other Charges		19,612	
Total General Sessions Court			\$ 473,813

Chancery Court

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		32,272	
Other Salaries and Wages		24,431	
Social Security		7,304	
Pensions		8,579	
Employer Medicare		1,708	
Communication		1,943	
Data Processing Services		1,564	
Dues and Memberships		507	
Office Supplies		1,922	
Total Chancery Court			148,912

District Attorney General

Other Contracted Services	\$	6,568	
Other Supplies and Materials		16,584	
Total District Attorney General			23,152

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	\$	75,550	
Deputy(ies)		967,123	
Salary Supplements		16,800	
Secretary(ies)		45,557	
Social Security		65,015	
Pensions		75,395	
Employer Medicare		15,158	
Communication		39,510	
Dues and Memberships		4,758	
Maintenance and Repair Services - Equipment		7,788	

(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.)

Maintenance and Repair Services - Vehicles	\$	68,916	
Printing, Stationery, and Forms		212	
Towing Services		1,514	
Travel		8,360	
Tuition		13,708	
Gasoline		79,878	
Law Enforcement Supplies		6,000	
Office Supplies		4,880	
Tires and Tubes		14,549	
Uniforms		418	
Other Supplies and Materials		7,673	
Liability Insurance		52,283	
Workers' Compensation Insurance		83,671	
Other Charges		9,036	
Motor Vehicles		9,950	
Total Sheriff's Department			\$ 1,673,702

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	791	
Other Charges		1,300	
Total Administration of the Sexual Offender Registry			2,091

Jail

Deputy(ies)	\$	682,680	
Dispatchers/Radio Operators		284,228	
Social Security		56,963	
Pensions		66,154	
Employer Medicare		13,376	
Maintenance and Repair Services - Buildings		2,131	
Maintenance and Repair Services - Equipment		8,417	
Medical and Dental Services		269,203	
Travel		882	
Other Contracted Services		4,141	
Food Supplies		214,304	
Law Enforcement Supplies		2,149	
Office Supplies		2,457	
Other Supplies and Materials		48,490	
Total Jail			1,655,575

Juvenile Services

Supervisor/Director	\$	31,535	
Deputy(ies)		90,022	
Youth Service Officer(s)		7,091	
Part-time Personnel		55,079	
Social Security		11,085	
Pensions		8,317	
Employer Medicare		2,593	

(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.)

Communication	\$	5,088	
Maintenance and Repair Services - Buildings		2,113	
Medical and Dental Services		15	
Travel		558	
Electricity		1,108	
Food Supplies		18,480	
Natural Gas		1,688	
Office Supplies		636	
Water and Sewer		1,019	
Other Supplies and Materials		7,230	
Workers' Compensation Insurance		6,388	
Total Juvenile Services			\$ 250,045

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	27,560	
Social Security		1,596	
Pensions		1,886	
Employer Medicare		373	
Communication		673	
Dues and Memberships		410	
Maintenance and Repair Services - Vehicles		556	
Travel		1,581	
Electricity		12,854	
Natural Gas		2,020	
Office Supplies		293	
Water and Sewer		646	
Other Charges		4,508	
Total Civil Defense			54,956

Rescue Squad

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

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	6,000	
Social Security		372	
Employer Medicare		87	
Other Charges		1,873	
Total County Coroner/Medical Examiner			8,332

Public Health and WelfareLocal Health Center

Social Security	\$	1,446	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Pensions	\$	1,107	
Employer Medicare		338	
Contributions		59,197	
Other Charges		10,770	
Total Local Health Center			\$ 72,858

Other Local Health Services

Medical Personnel	\$	201,024	
Social Security		11,714	
Pensions		12,680	
Medical Insurance		21,600	
Employer Medicare		2,740	
Travel		5,551	
Workers' Compensation Insurance		8,258	
Total Other Local Health Services			263,567

General Welfare Assistance

Contributions	\$	2,602	
Total General Welfare Assistance			2,602

Other Local Welfare Services

Pauper Burials	\$	1,475	
Total Other Local Welfare Services			1,475

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Deputy(ies)	\$	30,805	
Part-time Personnel		19,162	
Social Security		2,990	
Pensions		2,108	
Employer Medicare		699	
Communication		2,206	
Maintenance and Repair Services - Vehicles		1,896	
Travel		5,598	
Other Contracted Services		1,175	
Utilities		9,774	
Other Supplies and Materials		484	
Total Senior Citizens Assistance			76,897

Libraries

Part-time Personnel	\$	27,537	
Social Security		1,723	
Employer Medicare		403	
Communication		2,964	
Postal Charges		75	
Library Books/Media		10,323	
Office Supplies		1,786	

(Continued)

Exhibit J-7

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

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

Periodicals	\$	654	
Utilities		5,076	
Workers' Compensation Insurance		69	
Other Charges		1,195	
Total Libraries			\$ 51,805

Agriculture and Natural ResourcesAgricultural Extension Service

Assistant(s)	\$	15,819	
Supervisor/Director		8,690	
Secretary(ies)		7,653	
Social Security		1,936	
Pensions		4,272	
Medical Insurance		1,408	
Employer Medicare		439	
Communication		2,313	
Other Charges		268	
Total Agricultural Extension Service			42,798

Other OperationsTourism

Supervisor/Director	\$	29,289	
Clerical Personnel		23,508	
Social Security		3,161	
Pensions		3,612	
Employer Medicare		739	
Contributions		9,899	
Total Tourism			70,208

Airport

Supervisor/Director	\$	34,085	
Temporary Personnel		25,252	
Part-time Personnel		2,316	
Social Security		3,609	
Pensions		4,060	
Medical Insurance		7,776	
Employer Medicare		844	
Communication		3,368	
Maintenance and Repair Services - Buildings		192	
Maintenance and Repair Services - Equipment		4,271	
Maintenance and Repair Services - Vehicles		2,697	
Travel		3,738	
Other Contracted Services		830	
Diesel Fuel		102,670	
Electricity		17,307	
Gasoline		46,511	
Natural Gas		991	

(Continued)

Exhibit J-7

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

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

Office Supplies	\$	47	
Water and Sewer		913	
Other Supplies and Materials		4,159	
Liability Insurance		3,412	
Workers' Compensation Insurance		3,367	
Other Charges		404,105	
Total Airport			\$ 676,520

Veterans' Services

Supervisor/Director	\$	39,965	
Social Security		2,458	
Pensions		2,734	
Employer Medicare		575	
Contracts with Other Public Agencies		399	
Travel		1,442	
Other Supplies and Materials		207	
Total Veterans' Services			47,780

Contributions to Other Agencies

Contributions	\$	106,845	
Total Contributions to Other Agencies			106,845

Miscellaneous

Life Insurance	\$	8,057	
Medical Insurance		380,078	
Unemployment Compensation		2,939	
Other Fringe Benefits		2,250	
Postal Charges		15,867	
Other Supplies and Materials		10,547	
Liability Insurance		100,012	
Trustee's Commission		92,882	
Workers' Compensation Insurance		4,919	
Total Miscellaneous			617,551

HighwaysHighway and Bridge Maintenance

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

Total General Fund \$ 8,722,057

Solid Waste/Sanitation FundPublic Health and WelfareRecycling Center

Laborers	\$	70,819	
Social Security		4,052	
Pensions		4,846	

(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.)

Life Insurance	\$	124	
Medical Insurance		13,150	
Employer Medicare		948	
Communication		3,320	
Dues and Memberships		150	
Maintenance and Repair Services - Buildings		2,100	
Maintenance and Repair Services - Equipment		544	
Maintenance and Repair Services - Vehicles		10,022	
Towing Services		225	
Other Contracted Services		7,697	
Custodial Supplies		902	
Diesel Fuel		2,200	
Electricity		2,753	
Equipment and Machinery Parts		2,964	
Gasoline		766	
Natural Gas		1,355	
Tires and Tubes		280	
Uniforms		2,509	
Water and Sewer		651	
Other Supplies and Materials		12,281	
Trustee's Commission		2,314	
Vehicle and Equipment Insurance		458	
Workers' Compensation Insurance		5,249	
Other Charges		12,881	
Motor Vehicles		40,914	
Plant Operation Equipment		78,308	
Total Recycling Center			\$ 284,782

Postclosure Care Costs

Other Contracted Services	\$	15,250	
Total Postclosure Care Costs			15,250

HighwaysLitter and Trash Collection

Other Supplies and Materials	\$	28,797	
Total Litter and Trash Collection			28,797

Total Solid Waste/Sanitation Fund \$ 328,829

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Supervisor/Director	\$	51,549	
Medical Personnel		635,342	
Part-time Personnel		6,000	
Overtime Pay		306,570	
Bonus Payments		1,000	

(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.)

Social Security	\$	56,029	
Pensions		65,472	
Life Insurance		1,221	
Medical Insurance		90,330	
Employer Medicare		13,104	
Communication		12,124	
Contracts with Other Public Agencies		105,469	
Contributions		3,000	
Dues and Memberships		630	
Licenses		405	
Maintenance and Repair Services - Buildings		145	
Maintenance and Repair Services - Vehicles		17,333	
Towing Services		1,240	
Travel		402	
Tuition		625	
Disposal Fees		1,324	
Other Contracted Services		358	
Custodial Supplies		2,815	
Diesel Fuel		44,673	
Drugs and Medical Supplies		50,072	
Electricity		3,885	
Equipment and Machinery Parts		5,055	
Gasoline		1,033	
Natural Gas		2,183	
Office Supplies		255	
Propane Gas		10,180	
Tires and Tubes		5,604	
Uniforms		296	
Water and Sewer		983	
Other Supplies and Materials		723	
Refunds		20,748	
Trustee's Commission		16,549	
Vehicle and Equipment Insurance		20,000	
Workers' Compensation Insurance		82,756	
Other Charges		72,687	
Total Ambulance/Emergency Medical Services			\$ 1,710,169

Total Ambulance Service Fund \$ 1,710,169

Drug Control FundPublic SafetyOther Public Safety

Maintenance and Repair Services - Vehicles	\$	4,706
Veterinary Services		403
Animal Food and Supplies		1,708
Other Supplies and Materials		6,954
Trustee's Commission		596

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)Public Safety (Cont.)Other Public Safety (Cont.)

Other Charges	\$ 4,899	
Motor Vehicles	23,870	
Total Other Public Safety		\$ 43,136

Total Drug Control Fund \$ 43,136

Constitutional Officers - Fees FundFinanceCounty Trustee's Office

Constitutional Officers' Operating Expenses	\$ 166	
Total County Trustee's Office		\$ 166

Administration of JusticeGeneral Sessions Court Clerk

Special Commissioner Fees/Special Master Fees	\$ 2,392	
Total General Sessions Court Clerk		2,392

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 14,091	
Total Chancery Court		14,091

Total Constitutional Officers - Fees Fund 16,649

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 75,550	
Clerical Personnel	29,562	
Overtime Pay	616	
Social Security	6,608	
Pensions	7,259	
Unemployment Compensation	210	
Employer Medicare	1,533	
Dues and Memberships	2,759	
Postal Charges	56	
Custodial Supplies	89	
Office Supplies	589	
Uniforms	11,532	
Total Administration		\$ 136,363

Highway and Bridge Maintenance

Equipment Operators	\$ 28,786	
Truck Drivers	75,119	
Laborers	371,356	
Overtime Pay	51,946	
Social Security	31,128	
Pensions	34,478	

(Continued)

Exhibit J-7

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

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

Unemployment Compensation	\$	3,741	
Employer Medicare		7,280	
Other Contracted Services		1,739	
Asphalt - Cold Mix		556,251	
Asphalt - Hot Mix		675,528	
Concrete		896	
Crushed Stone		215,285	
Other Road Materials		26,230	
Pipe - Metal		29,196	
Wood Products		684	
Total Highway and Bridge Maintenance			\$ 2,109,643

Operation and Maintenance of Equipment

Foremen	\$	57,719	
Mechanic(s)		39,903	
Social Security		5,324	
Pensions		6,680	
Unemployment Compensation		420	
Employer Medicare		1,273	
Maintenance and Repair Services - Equipment		2,178	
Maintenance and Repair Services - Vehicles		2,770	
Towing Services		1,750	
Other Contracted Services		1,328	
Diesel Fuel		71,052	
Equipment and Machinery Parts		125,846	
Gasoline		22,257	
Lubricants		7,209	
Propane Gas		2,377	
Tires and Tubes		23,364	
Other Supplies and Materials		9,791	
Maintenance Equipment		7,900	
Total Operation and Maintenance of Equipment			389,141

Other Charges

Communication	\$	5,926	
Electricity		2,316	
Natural Gas		2,868	
Water and Sewer		885	
Trustee's Commission		22,566	
Vehicle and Equipment Insurance		19,600	
Other Charges		18,909	
Motor Vehicles		12,000	
Total Other Charges			85,070

Employee Benefits

Employee and Dependent Insurance	\$	55,554	
Life Insurance		745	
Workers' Compensation Insurance		76,999	
Total Employee Benefits			133,298

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Bridge Construction	\$ 327,556	
Total Capital Outlay		\$ 327,556

Principal on Debt

Highways and Streets

Principal on Notes	\$ 237,684	
Total Highways and Streets		237,684

Interest on Debt

Highways and Streets

Interest on Notes	\$ 24,342	
Total Highways and Streets		24,342

Capital Projects

Highway and Street Capital Projects

Right-of-Way	\$ 2,849	
Total Highway and Street Capital Projects		2,849

Total Highway/Public Works Fund \$ 3,445,946

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 160,000	
Principal on Other Loans	748,400	
Total General Government		\$ 908,400

Interest on Debt

General Government

Interest on Bonds	\$ 72,495	
Interest on Other Loans	254,003	
Total General Government		326,498

Other Debt Service

General Government

Trustee's Commission	\$ 17,770	
Other Debt Service	130,386	
Total General Government		148,156

Total General Debt Service Fund 1,383,054

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 435,000	
Principal on Other Loans	176,000	
Total Education		\$ 611,000

(Continued)

Exhibit J-7

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

Rural Debt Service Fund (Cont.)Interest on DebtEducation

Interest on Bonds	\$ 173,331	
Interest on Other Loans	<u>14,508</u>	
Total Education		\$ 187,839

Other Debt ServiceEducation

Trustee's Commission	\$ 14,973	
Other Debt Service	<u>9,102</u>	
Total Education		<u>24,075</u>

Total Rural Debt Service Fund \$ 822,914

General Capital Projects FundAdministration of JusticeChancery Court

Data Processing Equipment	\$ 3,220	
Total Chancery Court		\$ 3,220

Public SafetySheriff's Department

Motor Vehicles	\$ 29,000	
Total Sheriff's Department		29,000

Juvenile Services

Maintenance and Repair Services - Buildings	\$ 2,500	
Total Juvenile Services		2,500

Other OperationsAirport

Other Charges	\$ 34,457	
Total Airport		34,457

HighwaysCapital Outlay

Trustee's Commission	\$ 966	
Total Capital Outlay		966

Capital ProjectsHighway and Street Capital Projects

Right-of-Way	\$ 341	
Total Highway and Street Capital Projects		<u>341</u>

Total General Capital Projects Fund 70,484

(Continued)

Exhibit J-7

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

<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Trustee's Commission	\$	462	
Total Education Capital Projects			\$ 462
Total Education Capital Projects Fund			\$ 462
Total Governmental Funds - Primary Government			\$ 16,543,700

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, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	7,172,881	
Career Ladder Program		39,920	
Career Ladder Extended Contracts		12,000	
Homebound Teachers		45,075	
Educational Assistants		478,664	
Other Salaries and Wages		211,742	
Certified Substitute Teachers		116,138	
Social Security		469,253	
Pensions		701,046	
Life Insurance		8,888	
Medical Insurance		1,406,207	
Unemployment Compensation		6,073	
Employer Medicare		109,759	
Other Fringe Benefits		5,075	
Other Contracted Services		2,257	
Instructional Supplies and Materials		169,233	
Textbooks - Bound		36,831	
Other Charges		6,667	
Regular Instruction Equipment		6,642	
Total Regular Instruction Program			\$ 11,004,351

Alternative Instruction Program

Teachers	\$	45,574	
Educational Assistants		13,930	
Social Security		3,048	
Pensions		5,094	
Medical Insurance		16,640	
Unemployment Compensation		42	
Employer Medicare		713	
Total Alternative Instruction Program			85,041

Special Education Program

Teachers	\$	770,998	
Career Ladder Program		5,000	
Homebound Teachers		41,560	
Educational Assistants		131,499	
Certified Substitute Teachers		22,000	
Social Security		56,903	
Pensions		83,051	
Medical Insurance		93,462	
Unemployment Compensation		828	
Employer Medicare		13,308	
Other Contracted Services		57,818	
Instructional Supplies and Materials		12,609	
Other Supplies and Materials		12,425	
Total Special Education Program			1,301,461

(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.)

Career and Technical Education Program

Teachers	\$	416,424	
Career Ladder Program		2,584	
Educational Assistants		41,194	
Social Security		27,265	
Pensions		40,824	
Medical Insurance		59,920	
Unemployment Compensation		357	
Employer Medicare		6,376	
Other Supplies and Materials		2,334	
Vocational Instruction Equipment		7,016	
Total Career and Technical Education Program			\$ 604,294

Support Services

Attendance

Supervisor/Director	\$	68,210	
Career Ladder Program		1,083	
Social Security		4,296	
Pensions		6,292	
Unemployment Compensation		29	
Employer Medicare		1,005	
Travel		2,182	
Other Charges		517	
Total Attendance			83,614

Health Services

Supervisor/Director	\$	54,867	
Medical Personnel		48,773	
Other Salaries and Wages		116,495	
Social Security		12,322	
Pensions		16,273	
Medical Insurance		42,444	
Unemployment Compensation		210	
Employer Medicare		2,887	
Travel		7,604	
Other Supplies and Materials		29,590	
Other Charges		4,417	
Total Health Services			335,882

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		207,382	
Secretary(ies)		21,908	
Social Security		13,522	
Pensions		20,615	
Medical Insurance		41,411	
Unemployment Compensation		142	

(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	\$	3,163	
Evaluation and Testing		10,338	
Travel		1,809	
Total Other Student Support			\$ 323,290

Regular Instruction Program

Supervisor/Director	\$	65,697	
Career Ladder Program		9,000	
Librarians		290,478	
Secretary(ies)		15,577	
Social Security		21,968	
Pensions		34,332	
Medical Insurance		50,099	
Unemployment Compensation		214	
Employer Medicare		5,137	
Travel		16,368	
Library Books/Media		22,362	
In Service/Staff Development		21,847	
Other Charges		30,225	
Other Equipment		7,630	
Total Regular Instruction Program			590,934

Special Education Program

Supervisor/Director	\$	65,747	
Career Ladder Program		1,000	
Psychological Personnel		47,529	
Secretary(ies)		33,752	
Social Security		8,840	
Pensions		12,876	
Medical Insurance		11,630	
Unemployment Compensation		89	
Employer Medicare		2,068	
Travel		12,350	
Total Special Education Program			195,881

Career and Technical Education Program

Supervisor/Director	\$	69,919	
Social Security		4,286	
Pensions		6,349	
Medical Insurance		6,467	
Unemployment Compensation		30	
Employer Medicare		1,002	
Total Career and Technical Education Program			88,053

Technology

Supervisor/Director	\$	52,477	
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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.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Technology (Cont.)

Other Salaries and Wages	\$	132,217	
Social Security		10,671	
Pensions		11,750	
Medical Insurance		26,506	
Unemployment Compensation		171	
Employer Medicare		2,496	
Internet Connectivity		85,124	
Cabling		1,441	
Software		234,543	
Total Technology			\$ 557,396

Other Programs

On-behalf Payments to OPEB	\$	78,490	
Total Other Programs			78,490

Board of Education

Secretary to Board	\$	32,669	
Board and Committee Members Fees		39,900	
Social Security		4,499	
Pensions		3,015	
Medical Insurance		4,893	
Unemployment Compensation		180	
Employer Medicare		1,052	
Audit Services		5,850	
Dues and Memberships		12,970	
Legal Services		442	
Travel		20,871	
Other Contracted Services		25,000	
Other Supplies and Materials		1,860	
Liability Insurance		772	
Trustee's Commission		90,813	
Workers' Compensation Insurance		170,854	
Other Charges		29,155	
Total Board of Education			444,795

Director of Schools

County Official/Administrative Officer	\$	85,819	
Assistant(s)		7,143	
Career Ladder Program		1,000	
Secretary(ies)		32,669	
Social Security		8,289	
Pensions		11,410	
Medical Insurance		23,545	
Unemployment Compensation		63	
Employer Medicare		1,939	
Communication		44,825	

(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.)

Director of Schools (Cont.)

Postal Charges	\$	596	
Travel		2,993	
Office Supplies		5,663	
Other Charges		5,128	
Total Director of Schools			\$ 231,082

Office of the Principal

Principals	\$	454,531	
Career Ladder Program		3,917	
Assistant Principals		116,579	
Secretary(ies)		145,129	
Social Security		43,563	
Pensions		63,302	
Medical Insurance		50,873	
Unemployment Compensation		455	
Employer Medicare		10,591	
Communication		16,512	
Total Office of the Principal			905,452

Operation of Plant

Supervisor/Director	\$	31,345	
Custodial Personnel		360,419	
Social Security		23,825	
Pensions		25,941	
Medical Insurance		31,860	
Unemployment Compensation		664	
Employer Medicare		5,572	
Disposal Fees		23,988	
Other Contracted Services		11,604	
Electricity		608,953	
Natural Gas		100,000	
Water and Sewer		74,863	
Other Supplies and Materials		148,513	
Building and Contents Insurance		163,820	
Other Charges		22,203	
Plant Operation Equipment		26,399	
Total Operation of Plant			1,659,969

Maintenance of Plant

Maintenance Personnel	\$	149,768	
Social Security		9,283	
Pensions		10,325	
Medical Insurance		26,270	
Unemployment Compensation		164	
Employer Medicare		2,171	
Other Supplies and Materials		81,337	
Total Maintenance of Plant			279,318

(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

Supervisor/Director	\$	28,934	
Mechanic(s)		47,952	
Bus Drivers		573,993	
Social Security		40,484	
Pensions		38,699	
Medical Insurance		4,893	
Unemployment Compensation		1,125	
Employer Medicare		9,468	
Maintenance and Repair Services - Vehicles		14,796	
Travel		1,238	
Diesel Fuel		123,499	
Gasoline		13,108	
Tires and Tubes		21,958	
Vehicle Parts		89,474	
Other Supplies and Materials		12,342	
Other Charges		40,869	
Total Transportation			\$ 1,062,832

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	34,668	
Social Security		2,127	
Pensions		3,150	
Medical Insurance		6,467	
Unemployment Compensation		16	
Employer Medicare		498	
Travel		6,136	
Instructional Supplies and Materials		775	
Other Charges		3,026	
Total Community Services			56,863

Early Childhood Education

Supervisor/Director	\$	34,668	
Teachers		422,762	
Educational Assistants		136,505	
Other Salaries and Wages		24,707	
Certified Substitute Teachers		11,352	
Social Security		37,286	
Pensions		54,535	
Medical Insurance		70,738	
Unemployment Compensation		635	
Employer Medicare		8,632	
Travel		10,433	
Instructional Supplies and Materials		93,134	
Other Supplies and Materials		11,598	
In Service/Staff Development		31,210	
Total Early Childhood Education			948,195

(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.)Capital OutlayRegular Capital Outlay

Building Construction	\$	50,182	
Building Improvements		320,099	
Motor Vehicles		106,235	
Total Regular Capital Outlay			\$ 476,516

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	365,729	
Total Education			365,729

Total General Purpose School Fund \$ 21,679,438

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	715,377	
Educational Assistants		152,652	
Certified Substitute Teachers		2,760	
Non-certified Substitute Teachers		13,286	
Social Security		51,697	
Pensions		74,757	
Medical Insurance		120,791	
Unemployment Compensation		783	
Employer Medicare		12,090	
Instructional Supplies and Materials		101,792	
Textbooks - Bound		6,068	
Other Supplies and Materials		12,409	
Other Charges		4,192	
Regular Instruction Equipment		29,410	
Total Regular Instruction Program			\$ 1,298,064

Special Education Program

Teachers	\$	143,972	
Educational Assistants		223,320	
Non-certified Substitute Teachers		7,701	
Social Security		22,647	
Pensions		28,358	
Medical Insurance		60,970	
Unemployment Compensation		573	
Employer Medicare		5,296	
Other Contracted Services		38,589	
Instructional Supplies and Materials		2,039	
Total Special Education Program			533,465

Career and Technical Education Program

Instructional Supplies and Materials	\$	8,787	
Vocational Instruction Equipment		48,591	
Total Career and Technical Education Program			57,378

(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

Other Student Support

Other Salaries and Wages	\$	2,160	
Social Security		134	
Pensions		180	
Unemployment Compensation		2	
Employer Medicare		31	
Travel		2,184	
Other Supplies and Materials		465	
In Service/Staff Development		4,138	
Other Charges		9,368	
Total Other Student Support			\$ 18,662

Regular Instruction Program

Supervisor/Director	\$	59,574	
Secretary(ies)		13,181	
Other Salaries and Wages		2,600	
Social Security		4,631	
Pensions		6,672	
Medical Insurance		924	
Unemployment Compensation		39	
Employer Medicare		1,083	
Other Supplies and Materials		3,976	
In Service/Staff Development		44,739	
Total Regular Instruction Program			137,419

Special Education Program

Psychological Personnel	\$	43,651	
Social Security		2,478	
Pensions		3,521	
Unemployment Compensation		28	
Employer Medicare		580	
Travel		5,426	
Other Supplies and Materials		2,369	
In Service/Staff Development		9,725	
Total Special Education Program			67,778

Career and Technical Education Program

Travel	\$	521	
In Service/Staff Development		1,897	
Total Career and Technical Education Program			2,418

Board of Education

Criminal Investigation of Applicants - TBI	\$	261	
Total Board of Education			261

Transportation

Bus Drivers	\$	33,078	
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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	\$	1,994	
Pensions		2,200	
Unemployment Compensation		47	
Employer Medicare		466	
Diesel Fuel		576	
Total Transportation			\$ 38,361

Operation of Non-Instructional Services

Food Service

Food Supplies	\$	826	
Total Food Service			826

Total School Federal Projects Fund \$ 2,154,632

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	60,976	
Cafeteria Personnel		501,339	
Other Salaries and Wages		76,177	
In-service Training		14,945	
Social Security		38,584	
Pensions		41,160	
Medical Insurance		53,418	
Unemployment Compensation		1,270	
Employer Medicare		9,021	
Travel		10,911	
Food Preparation Supplies		14,698	
Food Supplies		742,887	
USDA - Commodities		149,891	
Other Supplies and Materials		144,261	
Other Charges		8,180	
Food Service Equipment		389,220	
Total Food Service			\$ 2,256,938

Total Central Cafeteria Fund 2,256,938

Total Governmental Funds - Scott County School Department \$ 26,091,008

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, 2018

	Cities - Sales Tax Fund	Special School District Fund	City School ADA - Oneida Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 437,997	\$ 790,826	\$ 1,228,823
Discounts on Property Taxes	0	(4,828)	(7,925)	(12,753)
Trustee's Collections - Prior Years	0	24,495	45,906	70,401
Circuit/Clerk and Master Collections - Prior Years	0	14,484	55,279	69,763
Interest and Penalty	0	2,129	8,701	10,830
Payments in-Lieu-of-Taxes - T.V.A.	0	0	2,459	2,459
Local Option Sales Tax	1,640,742	0	590,906	2,231,648
Marriage Licenses	0	0	222	222
Other Local Revenues	0	0	35	35
Total Cash Receipts	<u>\$ 1,640,742</u>	<u>\$ 474,277</u>	<u>\$ 1,486,409</u>	<u>\$ 3,601,428</u>
<u>Cash Disbursements</u>				
Remittance of Revenue Collected	\$ 1,624,335	\$ 461,732	\$ 1,467,630	\$ 3,553,697
Trustee's Commission	16,407	9,436	22,121	47,964
Total Cash Disbursements	<u>\$ 1,640,742</u>	<u>\$ 471,168</u>	<u>\$ 1,489,751</u>	<u>\$ 3,601,661</u>
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ 3,109	\$ (3,342)	\$ (233)
Cash Balance, July 1, 2017	0	0	66,929	66,929
Cash Balance, June 30, 2018	<u>\$ 0</u>	<u>\$ 3,109</u>	<u>\$ 63,587</u>	<u>\$ 66,696</u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scott County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Scott County's basic financial statements, and have issued our report thereon dated October 23, 2018.

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. 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: 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scott County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2018-002 and 2018-003.

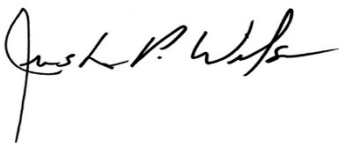
Scott County's Responses to the Findings

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

October 23, 2018

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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 the Uniform Guidance

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Scott County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Scott County's major federal programs for the year ended June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2018.

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.

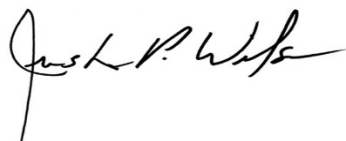
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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, 2018, and the related notes to the financial statements, which collectively comprise Scott County's basic financial statements. We issued our report thereon dated October 23, 2018, 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,



Justin P. Wilson
Comptroller of the Treasury

Nashville, Tennessee

October 23, 2018

JPW/tg

Scott County, Tennessee, and the Scott County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2018

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 Education:			
Fresh Fruit and Vegetable Program	10.582	N/A	\$ 20,250
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	492,009
National School Lunch Program	10.555	N/A	1,292,434 (5)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	30,000
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	149,891 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-18-55682	29,098
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	150,155
Total U.S. Department of Agriculture			<u>\$ 2,163,837</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
HOME Investment Partnership Program	14.239	HM-1516-29	\$ 2,250
Total U.S. Department of Housing and Urban Development			<u>\$ 2,250</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 147,670
Total Bureau of Land Management, Department of the Interior			<u>\$ 147,670</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Crime Victim Assistance	16.575	(3)	\$ 8,043
Violence Against Women Formula Grants - Recovery Act	16.588	(3)	43,661
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(3)	57,893
Total U.S. Department of Justice			<u>\$ 109,597</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	N/A	\$ 363,485
Alcohol Open Container Requirements	20.607	(3)	15,511
Total U.S. Department of Transportation			<u>\$ 378,996</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,133,596
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	622,304
Special Education - Preschool Grants	84.173	N/A	17,025
Career and Technical Education - Basic Grants to States	84.048	N/A	66,117
Rural Education	84.358	N/A	82,309
Improving Teacher Quality State Grants	84.367	N/A	133,982
Total U.S. Department of Education			<u>\$ 2,055,333</u>

(Continued)

Scott County, Tennessee, and the Scott County School Department
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 Health and Human Services:			
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-18-55682	\$ 2,961
Family Planning Services	93.217	GG-18-55682	3,255
National State Based Tobacco Control Programs	93.305	GG-18-55682	2,450
Medicaid Cluster:			
Medical Assistance Program	93.778	GG-18-55682	27,451
HIV Prevention Activities - Health Department Based	93.940	GG-18-55682	73
Maternal and Child Health Services Block Grant to the States	93.994	GG-18-55682	15,358
Passed-through State Department of Human Services:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	(3)	105,571
Total U.S. Department of Health and Human Services			<u>\$ 157,119</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(3)	\$ 128,135
Emergency Management Performance Grants	97.042	(3)	18,984
Total U.S. Department of Homeland Security			<u>\$ 147,119</u>
Total Expenditures of Federal Grants			<u>\$ 5,161,921</u>

<u>State Grants</u>		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)	46,294
Drug Control Grant - State Office of Criminal Justice Programs	N/A	(3)	88,589
Airport Layout Plan Grant - State Department of Transportation	N/A	(3)	20,194
Health Department Programs - State Department of Health	N/A	(3)	208,407
Connect Tennessee - State Department of Education	N/A	(3)	7,342
Drivers Education - State Department of Education	N/A	(3)	13,362
Coordinated School Health - State Department of Education	N/A	(3)	99,533
Family Resource Center - State Department of Education	N/A	(3)	30,212
Safe Schools - State Department of Education	N/A	(3)	13,921
Read to be Ready Summer Coaching Network Grant - State Department of Human Services	N/A	(3)	9,948
CTE Equipment Grant - State Department of Education	N/A	(3)	6,972
Early Childhood Education - State Department of Education	N/A	(3)	942,151
Total State Grants			<u>\$ 1,495,925</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) Child Nutrition Cluster total \$1,934,334; Special Education Cluster total \$639,329.

(5) Total for CFDA No. 10.555 is \$1,442,325.

Scott County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2018

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, 2018.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2017	188	2017-001	The county had deficiencies in budget operations	N/A	Corrected
2017	188	2017-002	The Offices of County Mayor and Director of Finance had deficiencies related to time records	N/A	Corrected
2017	189	2017-003	A County Commissioner is serving as a compensated county medical examiner contrary to state statute and an attorney general's opinion.	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, 2018

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? **NO**

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 Number: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and 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 audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF DIRECTOR OF FINANCE

FINDING 2018-001

THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$63,540 AT JUNE 30, 2018

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

The School Federal Projects Fund had a cash overdraft of \$63,540 at June 30, 2018. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. Sound business practices dictate that expenditures be held within available funds. The cash overdraft was liquidated after June 30, 2018.

RECOMMENDATION

The School Department should not issue checks exceeding cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

We concur with this finding. The finance department should not issue checks exceeding cash on deposit with the county trustee.

OFFICE OF TRUSTEE

FINDING 2018-002

THE TRUSTEE'S OFFICE HAD OPERATING DEFICIENCIES

(Noncompliance Under *Government Auditing Standards*)

We noted the following operating deficiencies in the Trustee's Office:

- A. The Trustee's Office utilized the checking system as authorized by Section 5-8-210, *Tennessee Code Annotated (TCA)*, to pay county obligations. However, the Trustee's Office did not operate the checking system in compliance with state statute. The following deficiencies were noted.
 - 1.) State statute provides that the issuance of checks by county departments shall be certified by the trustee either by the list certification method, the check

signing/validation method, a combination method, or other certification method requested by the trustee and approved by the Comptroller of the Treasury. However, the trustee did not use any of the specific methods noted above. Instead, the Finance Office furnished the trustee a list of checks issued periodically; however, there was no process in place for the trustee to certify the availability of funds on deposit before the checks were released.

- 2.) Statute further provides that when the county trustee has certified that funds are available, the total amount certified shall be charged to the fund on which the check or checks are drawn on at least a daily basis so that a current balance is maintained. Instead, the trustee waited to charge the checks to the appropriate fund when the checks cleared the bank.

- B. The trustee paid checks on the School Federal Projects Fund that exceeded the available cash on deposit by \$63,540. Section 8-11-104(5), *TCA*, prohibits the trustee from paying a check if sufficient funds are not available. This deficiency exists because the School Department continued to issue checks exceeding cash on deposit with the trustee, and the trustee kept honoring the checks due in part to the deficiencies noted in part A. above. This overdraft was corrected upon receipt of grant reimbursements for the fund in July 2018.

RECOMMENDATION

The trustee should implement one of the authorized check certification methods, and checks should be charged to the appropriate fund when the checks are certified as provided by Section 5-8-210, *TCA*. The trustee should not pay checks that exceed available cash as required by Section 8-11-104(5), *TCA*.

MANAGEMENT'S RESPONSE – TRUSTEE (PARAPHRASED)

I agree with the audit and I agree with the finding. This deficiency resulted from the Trustee's office not adequately checking the available balance in the School Federal Projects Fund. We will fully implement the checking system, as authorized by Section 5-8-210, *Tennessee Code Annotated*, to pay county obligations. The Finance Department will give check registers to the Trustee. The Trustee will sign off on the check registers and will deduct those amounts from the cash balance of such funds. This should result in the true balance of the funds. The Finance Department and Trustee should have the same cash balance. The Trustee will not authorize any check register if there is not enough money in the fund to cover the checks.

OFFICE OF CLERK AND MASTER

FINDING 2018-003

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

The clerk did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. Section

5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of the uninsured portion of such county funds. At June 30, 2018, deposits held for Chancery Court exceeded FDIC coverage and collateral securities pledged by \$167,889. This deficiency was the result of a lack of management oversight. The failure to adequately collateralize funds could result in a loss for the county. Adequate securities were pledged on July 10, 2018.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CLERK AND MASTER

The clerk did not require a depository to adequately have pledges in place to insure collateralized funds.

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, 2018.

Scott County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

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 in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF DIRECTOR OF FINANCE

2018-001	The School Federal Projects Fund had a Cash Overdraft of \$63,540 at June 30, 2018	210
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OFFICE OF TRUSTEE

2018-002	The Trustee's Office had Operating Deficiencies	211
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OFFICE OF CLERK AND MASTER

2018-003	The Clerk did not Require a Depositroy to Adequately Collateralize Funds	212
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M. Ginger Reynolds
Scott County Finance Department
P.O. Box 180
Huntsville, Tennessee 37756
423-663-3460

Corrective Action Plan

FINDING

THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$63,540 AT JUNE 30, 2018
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Response and Corrective Action Plan Prepared by:
Ginger Reynolds, Finance Director

Person Responsible for Implementing the Corrective Action:
Ginger Reynolds, Finance Director

Anticipated Completion Date of Corrective Action:
July 1, 2018

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:

Planned Corrective Action:

The accounting personnel are reviewing their cash balance before any checks are processed out of their cash fund. The accounting personnel are having the Trustee to certify the check registers before any checks are to be signed by the authorized personnel. The changes are effective immediately. A request has been made to the School Board to add additional funds into the Federal accounts for the ten day delay from the State with payment.

Signature: _____

m. Ginger Reynolds

Jimmy D. Byrd
Scott County Trustee
P.O. Box 205
Huntsville, Tennessee 37756
(423) 663-2598

Corrective Action Plan

FINDING: THE TRUSTEE'S OFFICE HAD OPERATING DEFICIENCIES

Response and Corrective Action Plan Prepared by:

Jimmy D. Byrd, Scott County Trustee

Person Responsible for Implementing the Corrective Action:

Jimmy D. Byrd, Scott County Trustee

Anticipated Completion Date of Corrective Action:

10/15/2018

Repeat Finding:

No

Planned Corrective Action:

Trustee will fully implement the checking system, as authorized by Section 5-8-210 Tennessee Code Annotated, to pay county obligations. The Finance Department will give check registers to the Trustee and the Trustee will sign off on the check registers and will deduct those amounts from the cash balance of such funds. This should result in the true balance of those funds and the Finance Department and Trustee should have the same fund balance. The Trustee will not authorize any check register if there is not enough money in the Fund Balance to cover that check.

Signed by:


Scott County Trustee

Scott County Chancery Court
Huntsville, TN 37756

ELIZABETH ASBURY
CHANCELLOR

Eighth Chancery Division

CAMPBELL COUNTY
CLAIBORNE COUNTY
FENTRESS COUNTY
SCOTT COUNTY
UNION COUNTY

MICHAEL POTTER
CLERK & MASTER
575 SCOTT HIGH DR. SUITE C
HUNTSVILLE, TN 37756

423-663-2627
423-663-2549 FAX

Corrective Action Plan

**FINDING: THE CLERK DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY
 COLLATERALIZE FUNDS**


Response and Corrective Action Plan Prepared by:
Michael R. Potter, Clerk & Master

Person Responsible for Implementing the Corrective Action:
Michael R. Potter, Clerk & Master

Anticipated Completion Date of Corrective Action:
July 10, 2018

Repeat Finding:
No

Planned Corrective Action:
Additional training has been conducted for accounting personnel. Accounts will be reviewed weekly to ensure bank pledges are in place to insure deposit amounts.



Michael R. Potter
Clerk & Master